Comprehensive Annual Financial Report

For Year Ended September 30, 2017

Sunnyvale, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2017

Town of Sunnyvale, Texas

Interim Town Manager

Charles Daniels

Finance Director

Elizabeth Hopkins

TOWN OF
SUNNYVALE

TOWN OF SUNNYVALE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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TOWN OF SUNNYVALE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

TOWN OF
SUNNYVALE

Town of Sunnyvale
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Sunnyvale, TX 75182
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Fax: 972-226-1804
www.townofsunnyvale.org

March 26, 2018

Honorable Mayor and Town Council
Town of Sunnyvale, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the Town of Sunnyvale, Texas, for the year ended September 30, 2017, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Conway Company CPAs, P.C. have issued an unmodified ("clean") opinion on the Town of Sunnyvale's financial statements for the year ended September 30, 2017. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

GENERAL INFORMATION – TOWN OF SUNNYVALE

The Town of Sunnyvale is a small, upscale community located about 15 miles east of downtown Dallas. Incorporated in 1953 and occupying approximately 16.8 square miles, Sunnyvale is a Town founded upon uniqueness in the quality of life that our citizens enjoy and the positive environment in which our local businesses can prosper.

The Town operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council of the Mayor and six (6) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, and for overseeing the day-to-day operations of the Town.

The Town provides a range of services, including public safety, fire, medical emergency, maintenance of streets and infrastructure, community development, provision of water and wastewater utilities, library services as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings prior to final approval and adoption.

ECONOMIC CONDITIONS AND OUTLOOK

During the past several years, the Town has experienced similar economic challenges as other entities in the region, state and nation. Property tax revenues provide the greatest portion of the Town's total governmental revenue stream. Historically, the Town has realized strong property value growth and experienced an increase in property values for fiscal year 2016-17. Since the property tax rate was changed from 2016, property tax revenues were 5% more than the prior year.

Building activity increased throughout the community with the Town experiencing the addition of new homes and continues to work with developers to expand and diversify available retail opportunities. Sales tax revenues continue to trend upward. The Town closely monitors all local economic indicators with the intention of being able to respond as needed.

FOR THE FUTURE

The Town Council has identified strategic plan objectives and most of the major initiatives are directly related to those objectives. Of extreme importance is the objective to enhance the quality of life of our citizens, through both infrastructure improvements and the proper maintenance of the existing infrastructure. The following are current initiatives and expected completion dates:

Glazer Tract Concept Plan	Summer	2018
Collins Road – Phase I	Summer	2018
Type B Roads	Annual	
Barnes Bridge – Beltline Road to Duck Creek	Summer	2018
Jobson Road – US 80 to Tripp Road	Summer	2018

At the end of September 2017, the Town of Sunnyvale was working on the following projects:

Water Tower Project Construction Phase	December	2017
Unified Development Code	May	2018
SE corner of Collins and US-80 Retail Development	Summer	2018
Collins Road – Phase 1	Spring	2018

LONGER-TERM FINANCIAL PLANNING

Plans for additional improvements include completing the final phase of the Collins Road corridor expansion, providing an efficient and more serviceable four-lane divided thoroughfare from the Town's southern limit to Town East Road.

Plans for additional road repair and replacement will be funded by the voter approved 1/4 of one percent of the sales tax revenues from the 4A Economic Development Corporation. Year three funding of a three-year plan is included in the 2016-2017 budget.

Unassigned fund balance in the general fund (64% of total general fund expenditures) falls within the policy guidelines set by the Council for budgetary and planning purposes.

Standard & Poor's Ratings rates Sunnyvale, Texas' general obligation (GO) bonds as 'AA.' The outlook is stable.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The Town's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's water and sewer utility, and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the Town's financial management staff, and expenditure estimates by each Town department. Budgets are reviewed by the Finance Director. The Town Manager makes final decisions and submits a recommended budget to the Town Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Finance Director, the Town Manager, and the Town Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the Town Council prior to the end of the current fiscal year.

General Governmental Functions

Tax Rates All eligible property within the Town of Sunnyvale is subject to assessment, levy, and collection by the Town. A continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs is set and approved by the Town Council. The tax rates adopted by the Town Council are shown below:

Year	Tax Rate
FY 2011-2012	$ 40796
FY 2012-2013	$.40796
FY 2013-2014	$.40796
FY 2014-2015	$.40796
FY 2015-2016	$.40796
FY 2016-2017	$.40796
FY 2017-2018	$.41308

Acknowledgements

Many people are responsible for the preparation of this report and for the maintenance of records upon which it is based. Appreciation is expressed to the Town employees throughout the organization, who were instrumental in the successful completion of this report.

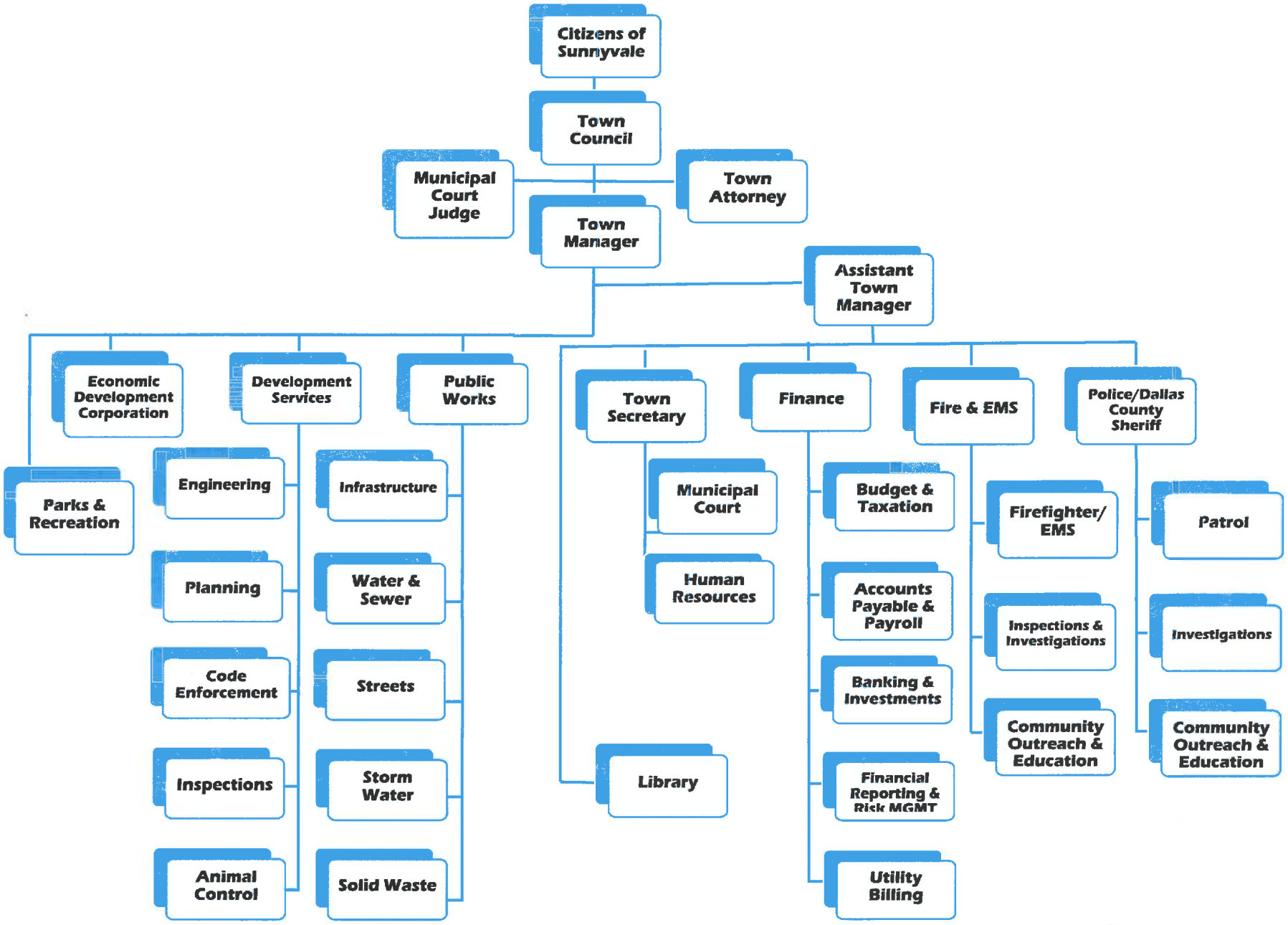
Our appreciation is also extended to the Mayor and members of the Town Council for providing the resources necessary to maintain the integrity of the Towns' financial affairs.

Respectfully submitted,

Elizabeth Hopkins

Elizabeth Hopkins
Finance Director

Town Organizational Chart



TOWN OF SUNNYVALE, TX

For the year ended September 30, 2017

Town Council:

Jim Phaup	Mayor
Kara Ranta	Place 1
Saji George	Place 2
Mark Egan	Place 3
Jim Wade	Place 4
Karen Hill	Place 5
Chris McNeill	Place 6

Administrative Officers

Charles Daniels	Interim Town Manager
Leslie Black	Assistant Town Manager
Rachel Ramsey	Town Secretary
Elizabeth Hopkins	Finance Director

TOWN OF
SUNNYVALE

FINANCIAL SECTION

TOWN OF
SUNNYVALE

(CPA)
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Neil Conway, CPA

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American Institute of CPAs
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INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Sunnyvale
127 North Collins Road
Sunnyvale, Texas 75182

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas ("Town") as of and for the year ended September 30, 2017, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no opinion. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas as of September 30, 2017, and the respective changes in financial position, where applicable, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 to 17 and the TMRS Funding Progress and Schedule of Contributions and Schedule of Changes in Net Pension Liability on pages 63-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunnyvale, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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Rockwall, Texas 75087
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Fax (972) 771-1022

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2018 on our consideration of the Town of Sunnyvale, Texas' internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully Submitted,
CONWAY COMPANY CPAs, PC

Conway Company CPAs, P.C.

Greenville, TX
March 12, 2018

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TOWN OF
SUNNYVALE

TOWN OF SUNNYVALE, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2017

As management of the Town of Sunnyvale ("Town"), we offer the readers of the Town of Sunnyvale's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $39,548,899 (net position). Of this amount, $28,852,063, or 73%, is net investment in capital assets. Net position restricted for specific purposes is $4,132,959, or 10%. The remaining unrestricted position of $6,563,877, or 17% may be used to meet the Town's ongoing obligations to its citizens and creditors in accordance with the Town's fiscal policies.

- The government's total net position increased by $4,111,587, or 12%, due to an increase in both governmental activities and business-type activities net position.

- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $12,299,611, an increase of $4,377,196, or 55%, in comparison with the prior year. Approximately 39% of this total amount, or $4,819,339, is available for spending at the Town's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the General fund of $4,819,339 was 66% of total general fund expenditures for the fiscal year.

- The Town's total long-term obligations increased by $3,224,429, or 32%, during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Sunnyvale's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town through the use of government-wide financial statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Sunnyvale.

Basic Financial Statements
The first two statements (pages 21-23) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 24-31) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** (pages 32-59). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (pages 63-64) is provided to show details about the Town's pension plan.

Government-wide Financial Statements
The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The statement of net position presents information on all of the Town of Sunnyvale's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the utility services offered by the Town of Sunnyvale. The final category is the component unit. The Town has two component units: 4A Development Corporation and 4B Development Corporation. The government-wide financial statements are on pages 21-23 of this report.

Fund Financial Statements
The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sunnyvale, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Sunnyvale can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Towns' programs.

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sunnyvale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Budgetary information required by the General Statutes can also be found in this part of the statements. The Governmental Fund financial statements can be found on pages 24-28 of this report.

Proprietary Funds – The Town of Sunnyvale has one type of proprietary fund which is the Utility Fund. The Town charges customers for the services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 32-59 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Sunnyvale's progress in funding its obligation to provide pension benefits to its employees. This information is found on pages 63-64.

Supplementary Information – The combining statements referred to earlier in connection with the non-major governmental funds are presented following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 66-72. Fund financial statements for the component units can be found on pages 73-78.

Statistical Section – The statistical section consists of unaudited information that presents details as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health. These tables can be found on pages 83-109.

GASB Pronouncements – The following statements for the Governmental Accounting Standards Board ("GASB") were effective for the Town in the fiscal year ending September 30, 2017.

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans other than Pension Plans", that replaces Statement No. 43. It addresses the financial reports of defined benefit OPEB plans that are administered

through trust that meet specified criteria. The implementation of this Statement does not result in any changes to the Town's financial statements.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions", that replaces Statement No. 45. It requires government to report a liability of the face of the financial statements for the OPEB that they provide. The implementation of this Statement does not result in any changes to the Town's financial statements.

GASB Statement No. 77, "Tax Abatement Disclosures" is to assist in assessing whether a government's current-year revenues were sufficient to pay for current-year services, whether a government complied with finance-related legal and contractual obligations, where a government's financial resources come from and how it uses them, and a government's financial position and economic condition and how they have change over time. The implementation of this Statement does not result in any changes to the Town's financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 82, "Pension Issues", addresses certain issues that have been raised with respect to Statement No. 67 and 73. Specifically, this statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, deviation from the guidance of the Actuarial Standards Board, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Town is in the process of evaluating the potential changes to the financial statements as a result of the implementation of this statement in fiscal year ending September 30, 2018.

GASB Statement No. 85, "Omnibus 2017", addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair values measurements and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Town is in the process of evaluating the potential changes to the financial statements as a result of the implementation of this statement in fiscal year ending September 30, 2018.

GASB Statement No. 87, "Leases", require recognition of certain lease assets and liabilities for leases that previously were classified as operation leases and recognized and inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting bases on the foundational principle that leases are financings of the right to use an underlying asset. The Town is in the process of evaluating the potential changes to the financial statements as a result of the implementation of this statement in fiscal year ending September 30, 2018.

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 13,227,332	$ 9,036,234	$ 5,010,602	$ 6,841,487	$ 18,237,934	$ 15,877,721
Capital assets	13,910,650	13,764,151	21,776,695	16,733,759	35,687,345	30,497,910
Total assets	27,137,982	22,800,385	26,787,297	23,575,246	53,925,279	46,375,631
Total deferred outflows of resources	280,450	210,545	64,567	53,567	345,017	264,112
Long-term liabilities outstanding	8,840,748	5,131,843	4,588,631	5,058,700	13,429,379	10,190,543
Other Liabilities	441,909	601,895	748,609	394,834	1,190,518	996,729
Total liabilities	9,282,657	5,733,738	5,337,240	5,453,534	14,619,897	11,187,272
Total deferred inflows of resources	82,505	12,209	18,995	2,950	101,500	15,159
Net position:						
Net investment in capital assets	11,019,317	10,259,140	17,832,746	14,409,109	28,852,063	24,668,249
Restricted	2,109,210	1,879,936	2,023,749	2,714,408	4,132,959	4,594,344
Unrestricted	4,924,743	5,125,907	1,639,134	1,048,812	6,563,877	6,174,719
Total net position	$ 18,053,270	17,264,983	$ 21,495,629	$ 18,172,329	$ 39,548,899	$ 35,437,312

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the Town exceeded liabilities by $39,548,899 as of September 30, 2017. The Town's net position increased by $4,111,587, for fiscal year ended September 30, 2017.

Net investment in capital assets:
The largest portion of the Town's net position, $28,852,063, or 73%, reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment) less any debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

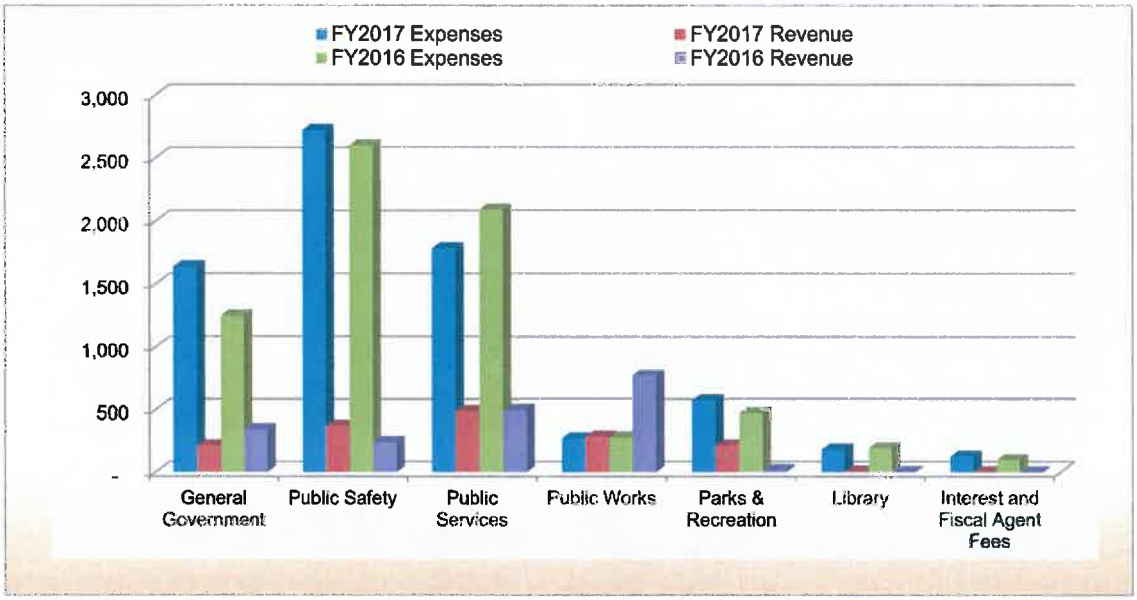
Restricted net position:
Restricted net position of $4,132,959, or 10%, is subject to external restrictions on how they may be used, or by enabling legislation. The restricted net position is comprised of (a) $81,609, or 2%, for development, (b) $128,398 or 3% for court use, (c) $589,763, or 14%, for debt service, (d) road improvement maintenance and operation of $1,724,190 or 42% and (e) $1,608,999 or 39% for water infrastructure installation.

Unrestricted net position:
Unrestricted net position in the amount of $6,563,877, or 17%, is available to fund the Town programs to citizens and obligations to creditors.

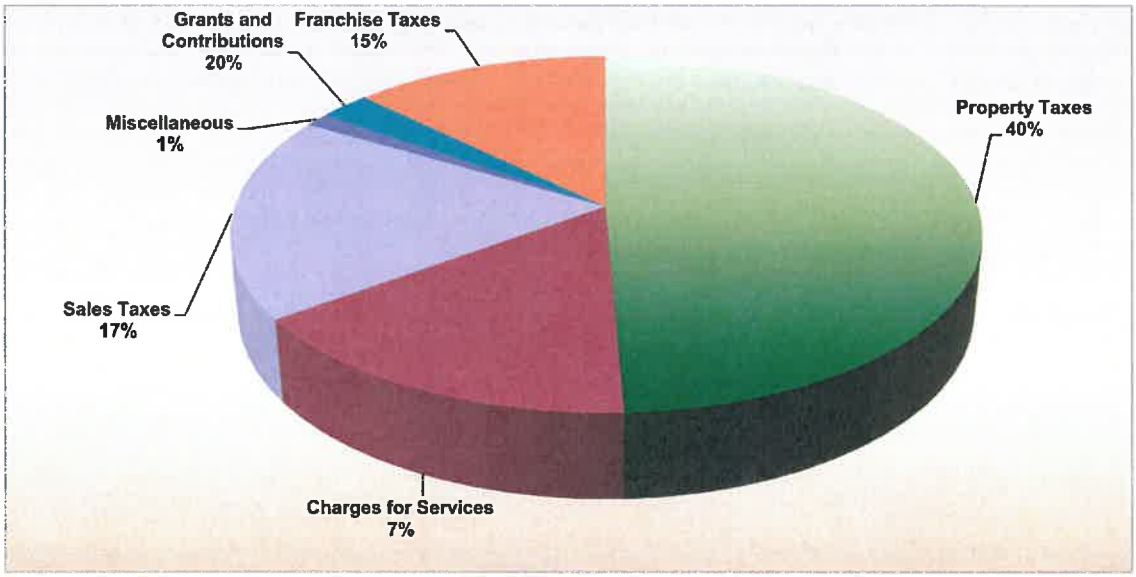
Governmental-type activities - Governmental-type activities increased the Town's net position by $788,287. A key element of this increase is as follows:

Property tax increased $498,351, or 13%
Charges for services increased $154,498, or 13%.

Expenses and Program Revenues - Governmental Activities
(amounts expressed in thousands)



Revenues by Source - Governmental Activities

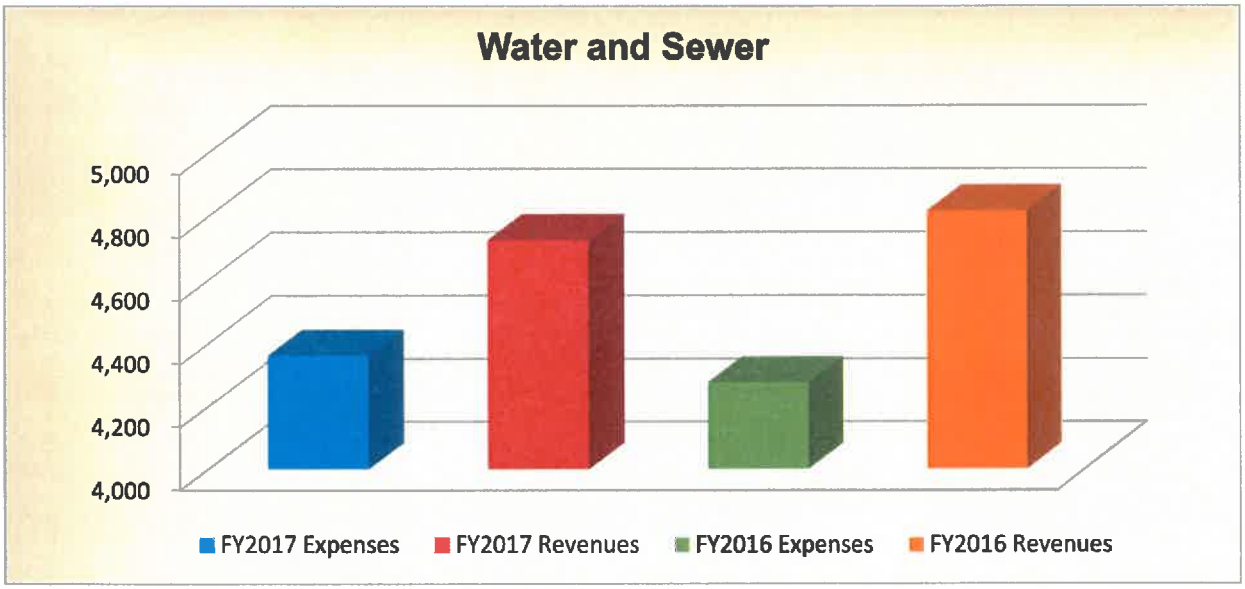


Business-type Activities - Business-type activities increased the Town's net position by $3,323,300. Key elements of this increase are as follows:

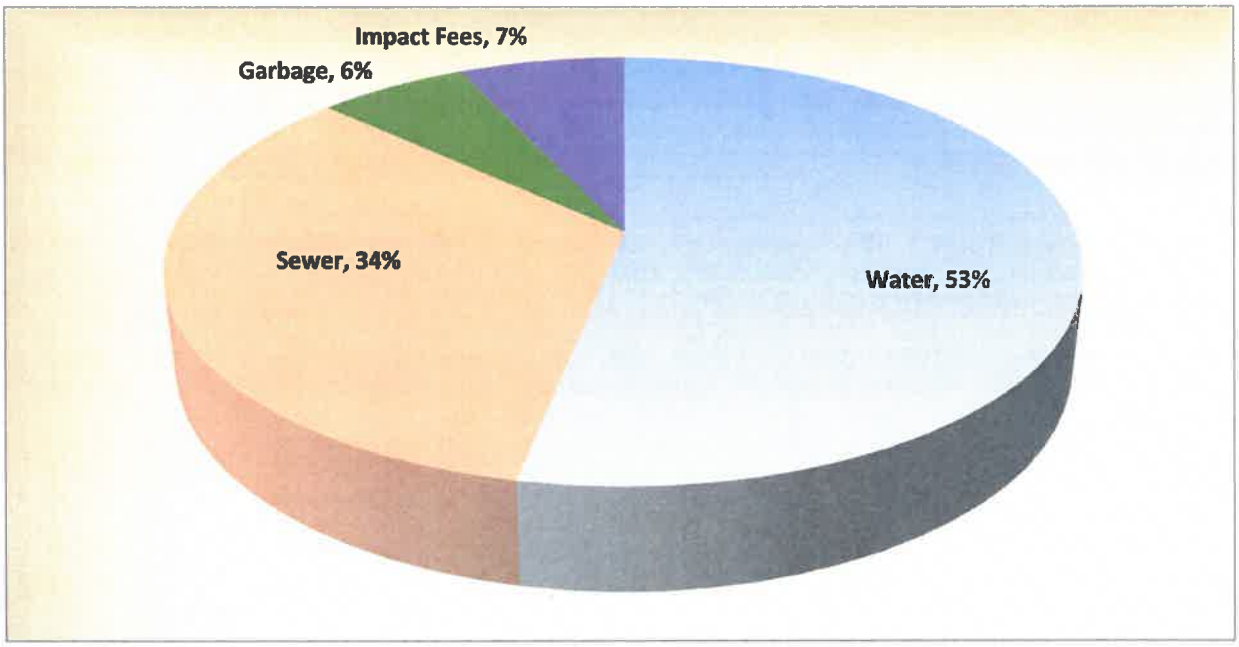
Capital contributions increased $1,472,690 or 167%.
Charges for services decreased ($100,767), or (2%).

Expenditures and Program Revenues - Business-type Activities

(amounts expressed in thousands)



Revenues by Source - Business-type Activities



Changes in Net Position

	Governmental Activities		Business Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	$ 1,351,942	$ 1,197,444	$ 4,707,371	$ 4,808,138	$ 6,059,313	$ 6,005,582
Operating grants and contributions	12,175	113,123	-	-	12,175	113,123
Capital grants and contributions	208,272	566,140	2,355,760	883,070	2,564,032	1,449,210
General Revenues:						
Property taxes	4,272,558	3,774,207	-	-	4,272,558	3,774,207
Franchise taxes	1,105,973	1,158,235	-	-	1,105,973	1,158,235
Sales tax	1,604,731	1,751,597	-	-	1,604,731	1,751,597
Investment income	26,551	3,218	17,280	9,326	43,831	12,544
Miscellaneous	107,570	5,845	-	-	107,570	5,845
Total Revenues	8,689,772	8,569,809	7,080,411	5,700,534	15,770,183	14,270,343
Expenses:						
Program Expenses						
General government	1,639,530	1,248,277	-	-	1,639,530	1,248,277
Public safety	2,723,379	2,602,749	-	-	2,723,379	2,602,749
Public services and operations	1,783,654	2,092,844	-	-	1,783,654	2,092,844
Public works	271,115	277,284	-	-	271,115	277,284
Parks and recreational	573,556	471,979	-	-	573,556	471,979
Library	180,518	191,508	-	-	180,518	191,508
Interest on long-term debt	125,638	97,819	-	-	125,638	97,819
Water and sewer	-	-	4,361,206	4,257,032	4,361,206	4,257,032
Total Expenses	7,297,390	6,982,460	4,361,206	4,257,032	11,658,596	11,239,492
Increase (decrease) in net position	1,392,382	1,587,349	2,719,205	1,443,502	4,111,587	3,030,851
Other revenues and financing sources (uses)						
Transfers	(604,095)	(58,992)	604,095	58,992	-	-
Total other financing sources (uses)	(604,095)	(58,992)	604,095	58,992	-	-
Increase (decrease) in net position	788,287	1,528,357	3,323,300	1,502,494	4,111,587	3,030,851
Net position - October 1	17,264,983	15,736,626	18,172,329	16,669,835	35,437,312	32,406,461
Net position - September 30	$18,053,270	$17,264,983	$21,495,629	$18,172,329	$39,548,899	$35,437,312

The Governmental Activities have increased the net position in the current fiscal period by $788,287 which is a 5% increase over the prior year. This is due, in large part, to property, franchise and sales taxes collected increasing $498,351, 13% and charges for services increasing $154,498, or 13%.

The Business-type Activities have increased the net position in the current fiscal year by $3,323,300. This is a 18% increase from the prior year that is due, in large part, to an increase in capital contributions of $1,472,690, or 167%.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Sunnyvale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Specifically, the unassigned fund balance may serve as a measure of net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $12,299,611, an increase of $4,377,196, or 55%, in comparison with the prior year. Of this amount, $4,819,339, or 39%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The Town has assigned fund balances of $5,671,301, or 46% for monies for the following: 1) $5,237,385, or 91% for capital and infrastructure improvements, 2) $408,841, or 7% for vehicle replacements, 3) $25,075, or .4% for community services. A portion, $1,788,286, or 15%, of the fund balance is restricted to indicate that it is available for spending for the following: 1) $68,041, or 4% for community development, 2) $171,360, or 10% for state imposed restricitions for use of court fees, 3) $175,013, or 10% for debt service requirements, 4) $1,373,872, or 77% for road maintenance and improvements. The remaining fund balance of $20,685, or .2% is considered nonspendable and represents note receivable due to the Town.

The general fund is the chief operating fund of the Town of Sunnyvale At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,819,339. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund represents 66% of total general fund expenditures.

The debt service fund is a major governmental fund of the Town of Sunnyvale. At the end of the current fiscal year, fund balance decreased ($32,134) or (16%).

General Fund Budgetary Highlights: During the fiscal year, the Town made revisions to the budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts, mainly in the areas of licenses and permits, and intergovernmental revenues. Expenditures were less than budgeted at the fund level.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $1,639,134.

Capital Asset and Debt Administration

Capital assets - The Town of Sunnyvale's investment in capital assets for its governmental and business-type activities as of September 30, 2017, totals $35,687,345 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery and equipment, vehicles and construction in progress. This amount represents a net increase of $5,189,435, or 17%, (net of accumulated depreciation) over the prior fiscal year.

Major capital asset transactions during the year include the following additions:

- Purchase & lease of police, fire, and utility vehicles and equipment
- Construction on the new water tower
- Dedication of various street and water/sewer infrastructure by developers

Capital Assets
September 30, 2017
(net of depreciation)

	Governmental		Business-type		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 1,419,679	$ 1,015,924	$ 127,225	$ 127,225	$ 1,546,904	$ 1,143,149
Infrastructure	7,260,898	7,522,509	16,463,522	14,525,752	23,724,420	22,048,261
Buildings & Improvements	3,910,746	4,045,573	1,028,518	1,066,302	4,939,264	5,111,875
Machinery & Equipment	1,319,327	1,180,145	411,362	350,078	1,730,689	1,530,223
Construction in Progress	-	-	3,746,068	664,402	3,746,068	664,402
Total	$ 13,910,650	$13,764,151	$ 21,776,695	$ 16,733,759	$ 35,687,345	$ 30,497,910

More detailed information about the Town's capital assets is presented in Note F to the financial statements.

Long-term obligations - As of September 30, 2017, the Town of Sunnyvale had total long-term debt outstanding of $13,281,456 which is a increase of $3,224,429, or 32%, from the previous year.

Outstanding Debt
As of September 30, 2017

	Governmental		Business-type		Total	
	2017	2016	2017	2016	2017	2016
Certificates of Obligation (backed by tax revenues and net Water/Sewer revenues)	$ 4,359,267	$ -	$ 2,392,001	$ 2,519,287	$ 6,751,268	$ 2,519,287
Tax Note	495,000	615,000	-	-	495,000	615,000
Refunding Bonds (backed by tax revenues and net Water/Sewer revenues)	2,829,234	3,296,169	1,935,755	2,267,166	4,764,989	5,563,335
Notes Payable	-	-	92,752	101,190	92,752	101,190
Capital Lease	402,288	492,457	-	-	402,288	492,457
Pension Related Debt	630,094	612,971	145,065	152,787	775,159	765,758
Total	$ 8,715,883	$ 5,016,597	$ 4,565,573	$ 5,040,430	$ 13,281,456	$ 10,057,027

More detailed information about the Town's long-term obligations is presented in Note I to these financial statements.

Economic Factors and Next Year's Budgets and Rates

In the fiscal year 2017-2018 budget, the General Fund revenues are budgeted to increase by $306,350 or 4% from the 2016-2017 budget year with general property taxes making up approximately $4,326,967 or 57% of anticipated general fund revenues. Property values show an increase of $99,621,890 over the prior year, primarily as a result of a 10% increase in taxable value. The Town Council adopted the tax rate of $0.413088 per $100 assessed valuation, which is an increase of $0.005126/100 from the prior year's rate.

Sales tax, the second largest revenue source for the General Fund, is budgeted at $1,766,250 or 23% of anticipated General Fund revenue. The budget reflects a conservative sales tax expectation as ecomonic development initiatives expand business opportunities.

Other major revenue sources include $2,450,000 from water sales, $1,400,000 from sewer services, and $1,100,000 from franchise agreements. On October 23, 2013 the Town adopted a tiered utility rate structure with annual rate increases scheduled through October 2017 to preserve the fiscal and operational integrity of the utility system while promoting water conservation.

The fiscal year 2017-2018 budget adopted by the Town Council includes an decrease of $706,897 or (8%) in the Fund budget and an increase of $106,910 or 2% in the business-type fund budget when compared to previous year's budget.

Requests for Information

This financial report is designed to provide an overview of the Town's finances for those with an interest in the government's finances. If you have any questions about this report or need additional information, contact the Town of Sunnyvale, Attention-Director of Finance at 127 N. Collins Road, Sunnyvale, Texas, call 972-203-4145, or email finance@townofsunnyvale.org.

TOWN OF
SUNNYVALE

BASIC FINANCIAL STATEMENTS

TOWN OF
SUNNYVALE

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	4A Development Corporation	4B Development Corporation
ASSETS					
Cash and cash equivalents	$ 4,775,070	$ 1,355,624	$ 6,130,694	$ 1,103,841	$ 1,447,701
Receivables (net of allowance for uncollectibles)	1,184,423	888,770	2,073,193	53,555	107,104
Employee promissory note receivable	20,685	-	20,685	-	-
Note receivable	435,649	-	435,649	-	-
Inventory	-	69,299	69,299	-	-
Restricted assets:					
Cash and cash equivalents	6,811,505	2,696,909	9,508,414	-	-
Capital assets not depreciated:					
Land	1,419,679	127,225	1,546,904	-	1,375,000
Construction in progress	-	3,746,068	3,746,068	-	-
Capital assets net of accumulated depreciation:					
Infrastructure	7,260,898	16,463,522	23,724,420	-	-
Buildings	3,910,746	1,028,518	4,939,264	-	-
Machinery and equipment	1,319,327	411,362	1,730,689	144	-
Total Assets	27,137,982	26,787,297	53,925,279	1,157,540	2,929,805
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pensions	280,450	64,567	345,017	9,059	18,558
Deferred charge on refunding	-	-	-	-	-
Total deferred outflows of resources	280,450	64,567	345,017	9,059	18,558
LIABILITIES					
Accounts payable	278,685	472,423	751,108	983	954
Other liabilities	163,224	60,525	223,749	-	-
Accrued interest payable	-	19,061	19,061	-	-
Customer deposits	-	196,600	196,600	-	-
Noncurrent Liabilities:					
Due within one year:					
Compensated absences	14,554	950	15,504	-	842
Capital lease	90,170	-	90,170	-	-
Notes payable	120,000	12,004	132,004	52,910	-
Certificates of Obligations	-	125,000	125,000	-	-
Bonds payable	450,000	140,000	590,000	-	-
Due in more than one year:					
Compensated absences	110,311	22,108	132,419	-	3,128
Net pension liability	630,094	145,065	775,159	20,414	41,634
Capital lease	312,118	-	312,118	-	-
Notes payable	375,000	80,748	455,748	382,739	-
Certificates of Obligations	4,359,267	2,267,001	6,626,268	-	-
Bonds payable	2,379,234	1,795,755	4,174,989	-	-
Total Liabilities	9,282,657	5,337,240	14,619,897	457,046	46,558
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	82,505	18,995	101,500	2,507	5,619
Total deferred inflows of resources	82,505	18,995	101,500	2,507	5,619
NET POSITION					
Net investment in capital assets	11,019,317	17,832,746	28,852,063	144	1,375,000
Restricted for:					
Development	81,609	-	81,609	-	-
Municipal court	128,398	-	128,398	-	-
Debt service	175,013	414,750	589,763	-	-
Street maintenance	1,724,190	-	1,724,190	-	-
Water infrastructure installation	-	1,608,999	1,608,999	-	-
Unrestricted	4,924,743	1,639,134	6,563,877	706,902	1,521,186
Total Net Position	$ 18,053,270	$ 21,495,629	$ 39,548,899	$ 707,046	$ 2,896,186

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	$ 1,639,530	$ 211,624	$ -	$ -
Public Safety	2,723,379	362,077	8,465	-
Public Services and Operations	1,783,654	489,160	-	-
Public Works	271,115	282,465	-	-
Parks and Recreation	573,556	5,984	-	207,897
Library	180,518	632	3,710	375
Interest on Long-Term Debt	125,638	-	-	-
Total governmental activities	7,297,390	1,351,942	12,175	208,272
Business-type Activities:				
Utility Fund	4,361,206	4,707,371	-	2,355,760
Total business-type activities	4,361,206	4,707,371	-	2,355,760
Total primary government	11,658,596	6,059,313	12,175	2,564,032
Component units:				
4A Development Corporation	132,061	-	358,034	-
4B Development Corporation	498,334	-	-	-
Total component units	$ 630,395	$ -	$ 358,034	$ -

General revenues:	
Property taxes	
Sales taxes	
Franchise taxes	
Miscellaneous	
Investment income	
Transfers	
Total general revenues	
Change in net position	
Net position - beginning	
Net position - ending	

The accompanying notes to the financial statements are an integral part of this financial statement.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business Activities	Total	4A Development Corporation	4B Development Corporation	
$ (1,427,906)	$ -	$ (1,427,906)	$ -	$ -	
(2,352,837)	-	(2,352,837)	-	-	
(1,294,494)	-	(1,294,494)	-	-	
11,350	-	11,350	-	-	
(359,675)	-	(359,675)	-	-	
(175,801)	-	(175,801)	-	-	
(125,638)	-	(125,638)	-	-	
(5,725,001)	-	(5,725,001)	-	-	
-	2,701,925	2,701,925	-	-	
-	2,701,925	2,701,925	-	-	
(5,725,001)	2,701,925	(3,023,076)	-	-	
-	-	-	225,973	-	
-	-	-	-	(498,334)	
$ -	$ -	$ -	$ 225,973	$ (498,334)	
$ 4,272,558	$ -	$ 4,272,558	$ -	$ -	
1,604,731	-	1,604,731	320,946	641,893	
1,105,973	-	1,105,973	-	-	
107,570	-	107,570	-	-	
26,551	17,280	43,831	2,296	2,225	
(604,095)	604,095	-	-	-	
6,513,288	621,375	7,134,663	323,242	644,118	
788,287	3,323,300	4,111,587	549,215	145,784	
17,264,983	18,172,329	35,437,312	157,831	2,750,402	
$ 18,053,270	$ 21,495,629	$ 39,548,899	$ 707,046	$ 2,896,186	

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Debt Service Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 4,775,070	$ -	$ -	$ 4,775,070
Receivables (net of allowances for uncollectible)	1,001,435	8,604	174,384	1,184,423
Employee promissory note receivable	20,685	-	-	20,685
Note receivable	435,649	-	-	435,649
Restricted - cash and cash equivalents	-	178,158	6,633,347	6,811,505
Total assets	6,232,839	186,762	6,807,731	13,227,332
LIABILITIES				
Accounts payable	278,685	-	-	278,685
Other liabilities	163,224	-	-	163,224
Total liabilities	441,909	-	-	441,909
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	38,414	11,749	-	50,163
Unavailable revenue - note receivable	435,649	-	-	435,649
Total deferred inflows of resources	474,063	11,749	-	485,812
Fund Balances				
Nonspendable:				
Promissory note	20,685	-	-	20,685
Restricted for:				
Community development	-	-	68,041	68,041
Municipal court	-	-	171,360	171,360
Street maintenance	-	-	1,373,872	1,373,872
Debt Service	-	175,013	-	175,013
Assigned for:				
Infrastructure improvements	42,927	-	-	42,927
Vehicle replacement	408,841	-	-	408,841
Community services	25,075	-	-	25,075
Capital improvements	-	-	5,194,458	5,194,458
Unassigned	4,819,339	-	-	4,819,339
Total fund balances	5,316,867	175,013	6,807,731	12,299,611
Total liabilities, deferred inflows of resources, and fund balances	$ 6,232,839	$ 186,762	$ 6,807,731	$ 13,227,332

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances - governmental funds balance sheet	$ 12,299,611
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,015,624
Accumulated depreciation has not been included in the governmental fund financial statements.	(6,104,974)
Premiums and discounts on issuance of debt are not recognized on the balance sheet for governmental funds.	(493,501)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	485,812
Deferred inflow/outflow of resources for pension are not reported in the fund financial statements	197,945
Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore, are not reported in the funds.	(7,592,288)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(630,094)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.	(124,865)
Net position of governmental activities - statement of net position	$ 18,053,270

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Debt Service Fund	Other Governmental Funds	Total
REVENUES				
Property taxes	$ 3,595,051	$ 653,690	$ -	$ 4,248,741
Franchise taxes	1,092,095	-	13,878	1,105,973
Sales tax collected	1,604,731	-	-	1,604,731
Fines and forfeitures	467,742	-	27,693	495,435
Licenses and permits	497,981	-	-	497,981
Charge for services	49,486	-	-	49,486
Impact fees	-	-	282,465	282,465
Investment income	785	557	25,209	26,551
Donation - Library	1,085	-	-	1,085
Intergovernmental - state & local	216,363	49,927	-	266,290
Miscellaneous	103,195	-	3,000	106,195
Total Revenues	7,628,514	704,174	352,245	8,684,933
EXPENDITURES				
Current:				
General government	1,705,243	-	-	1,705,243
Public safety	2,358,558	-	5,924	2,364,482
Public works	1,024,791	-	8,500	1,033,291
Public services and operations	797,194	-	15,167	812,361
Parks and recreation	370,788	-	-	370,788
Library	179,388	-	-	179,388
Debt Service:				
Principal retirement	90,170	570,000	-	660,170
Interest and fiscal agent fees	8,928	184,105	-	193,033
Issuance costs of tax note	-	-	-	-
Capital Outlays:				
General government	439,065	-	-	439,065
Public works	-	-	-	-
Public safety	273,948	-	-	273,948
Public services and operations	41,162	-	-	41,162
Parks and recreation	17,865	-	-	17,865
Library	-	-	-	-
Total Expenditures	7,307,100	754,105	29,591	8,090,796
Excess (deficiency) of revenues over (under) expenditures	321,414	(49,931)	322,654	594,137
Other Revenues and Financing Sources (uses)				
Bond proceeds	-	4,360,581	-	4,360,581
Sale of Assets	26,573	-	-	26,573
Transfers	(505,509)	(4,342,784)	4,244,198	(604,095)
Total Other Financing Sources (uses)	(478,936)	17,797	4,244,198	3,783,059
Net Change in Fund Balance	(157,522)	(32,134)	4,566,852	4,377,196
Fund Balances, October 1	5,474,389	207,147	2,240,879	7,922,415
Fund Balances, September 30	$ 5,316,867	$ 175,013	$ 6,807,731	$ 12,299,611

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - statement of revenues, expenditures and changes in fund balances - governmental funds	$ 4,377,196
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements but these are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the 2016 capital outlays is to increase net position.	772,040
Proceeds from the issuance of long-term debt are recognized as an other financing source in the governmental funds, whereas the debt is shown as long term debt in the government-wide financial statements.	(4,360,581)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(625,541)
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as a reduction in long term debt in the government-wide financial statements.	660,170
Bond premiums are recognized as an other financing source in the governmental funds, whereas premiums and discounts are deferred and amortized over the life of the bonds in the statement of activities.	18,250
Changes to vacation and other compensated absence liabilities are not shown in the fund financial statements. The net effect of the current year is to increase net position.	(9,619)
Changes in net pension liability are not shown in the fund financial statements.	(17,514)
Revenues in the statement of revenues, expenditures and changes in fund balances that are not recognized as revenues in the statement of activities.	(26,114)
Change in net position - statement of activities	$ 788,287

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Property taxes	$ 3,338,022	$ 3,568,794	$ 3,595,051	$ 26,257
Franchise Tax	1,085,000	1,059,295	1,092,095	32,800
Sales Tax	1,593,750	1,690,375	1,604,731	(85,644)
Fines and Forfeitures	431,300	433,890	467,742	33,852
Licenses and Permits	240,725	322,587	497,981	175,394
Charge for Services	45,000	45,000	49,486	4,486
Investment Income	300	300	785	485
Intergovernmental - state & local	-	-	216,363	216,363
Miscellaneous	171,995	173,995	104,280	(69,715)
Total Revenues	6,906,092	7,294,236	7,628,514	334,278
EXPENDITURES				
General Government	1,146,762	1,721,480	1,705,243	16,237
Capital Outlay	264,500	264,500	439,065	(174,565)
Total General Government	1,411,262	1,985,980	2,144,308	(158,328)
Public Safety				
Police	1,779,785	1,810,282	1,798,950	11,332
Fire	855,251	859,922	559,608	300,314
Capital Outlay	-	-	273,948	(273,948)
Total Public Safety	2,635,036	2,670,204	2,632,506	37,698
Public Services and Operations	899,076	903,701	797,194	106,507
Capital Outlay	-	-	41,162	(41,162)
Total Public Services	899,076	903,701	838,356	65,345
Public Works				
Public Works	1,546,251	1,546,251	1,024,791	521,460
Capital Outlay	-	-	-	-
Total Parks and Recreation	1,546,251	1,546,251	1,024,791	521,460
Parks and Recreation				
Parks	434,437	440,757	370,788	69,969
Capital Outlay	-	-	17,865	(17,865)
Total Parks and Recreation	434,437	440,757	388,653	52,104
Library				
Library	194,991	195,991	179,388	16,603
Capital Outlay	-	2,500	-	2,500
Total Parks and Recreation	194,991	198,491	179,388	19,103
Debt Service				
Principal	-	-	99,098	(99,098)
Total Parks and Recreation	-	-	99,098	(99,098)
Total Expenditures	7,121,053	7,745,384	7,307,100	438,284
Excess (deficiency) of revenues over (under) expenditures	(214,961)	(451,148)	321,414	772,562
Other Revenues and Financing Sources (uses)				
Sale of assets	-	-	26,573	26,573
Transfers	(830,528)	(569,598)	(505,509)	64,089
Total Other Financing Sources (uses)	(830,528)	(569,598)	(478,936)	90,662
Net change in Fund Balances	(1,045,489)	(1,020,746)	(157,522)	863,224
Fund Balances/Equity, beginning of year	5,474,389	5,474,389	5,474,389	
Fund Balances/Equity, end of year	$ 4,428,900	$ 4,453,643	$ 5,316,867	

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2017

	Utility Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 1,355,624
Restricted cash and cash equivalents	2,696,909
Receivables (net of allowance for uncollectibles)	888,770
Total Current Assets	4,941,303
Noncurrent Assets:	
Inventory	69,299
Capital Assets:	
Land	127,225
Infrastructure	21,189,101
Buildings	1,959,800
Machinery and equipment	798,274
Construction-in-progress	3,746,068
Less: accumulated depreciation	(6,043,773)
Total capital assets, net of accumulated depreciation	21,776,695
Total noncurrent assets	21,845,994
Total Assets	26,787,297
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	-
Deferred outflows from pensions	64,567
Total Deferred Outflows of Resources	64,567
LIABILITIES	
Current Liabilities:	
Accounts payable	472,423
Other liabilities	60,525
Payables from restricted assets:	
Customer deposits	196,600
Accrued interest payable	19,061
Compensated absences - current	950
Notes payable - current	12,004
Certificates of obligation - current	125,000
Bonds payable - current	140,000
Total Current Liabilities	1,026,563
Noncurrent Liabilities:	
Compensated absences	22,108
Net pension liability	145,065
Notes payable	80,748
Certificates of obligation	2,267,001
Bonds payable	1,795,755
Total noncurrent liabilities	4,310,677
Total Liabilities	5,337,240
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	18,995
Total Deferred Inflows of Resources	18,995
NET POSITION	
Net investment in capital assets	17,832,746
Restricted for:	
Debt service	414,750
Impact fees	1,608,999
Unrestricted	1,639,134
Total Net Position	$ 21,495,629

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Utility Fund
OPERATING REVENUES:	
Charges for sales and services:	
Water sales	$ 2,500,706
Sewer sales	1,588,323
Garbage collection fees	292,207
Total operating revenues	4,381,236
OPERATING EXPENSES:	
Personnel services	467,940
Supplies and materials	60,796
Maintenance and repair	151,403
Contractual services	3,054,409
Depreciation	485,635
Total operating expenses	4,220,183
Operating income (loss)	161,053
NON-OPERATING REVENUES (EXPENSES):	
Investment income	17,280
Impact fees	326,135
Amortization	18,696
Interest expense	(155,524)
Bad debt expense	(4,195)
Total non-operating revenues (expenses)	202,392
Income before capital contributions and transfers	363,445
Capital contributions	2,355,760
Transfers	604,095
Changes in net position	3,323,300
Net position, October 1	18,172,329
Net position, September 30	$ 21,495,629

The accompanying notes to the financial statements are an integral part of this financial statement.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 4,378,901
Cash received from other sources	(8,581)
Cash paid to employees	(466,915)
Cash paid for goods and services	(3,119,099)
Net cash provided by (used in) operating activities	784,306
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Transfers from other funds	604,095
Impact fees	326,135
Net cash provided by (used in) noncapital financing activities	930,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(3,172,810)
Interest and fiscal charges on debt	(157,031)
Deferred charge on refunding	1,086
Principal payments on bonds	(448,434)
Net cash provided by (used in) capital & related financing activities	(3,777,189)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	17,280
Net cash provided by (used in) investing activities	17,280
Net increase (decrease) in cash and cash equivalents	(2,045,373)
Cash and cash equivalents, October 1	6,097,906
Cash and cash equivalents, September 30	$ 4,052,533
Classified as:	
Current	1,355,624
Restricted	2,696,909
	$ 4,052,533
Noncash disclosures:	
Developer Contributions	$ 2,355,760
Premium Amortization	18,696
Amortization of deferred charge on refunding	(1,086)
Reconciliation of operating income to net cash provided by operation activities:	
Operating Income (Loss)	$ 161,053
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	485,635
Bad Debt Expense	(4,195)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables	4,483
Due to/from	(8,581)
Inventory	(32,781)
Increase (decrease) in liabilities:	
Accounts payable	147,508
Customer deposits	30,160
Compensated absences	4,788
Pension liability	(3,764)
Total adjustments	623,253
Net cash provided by (used in) operating activities	$ 784,306

The accompanying notes to the financial statements are an integral part of this financial statement.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Sunnyvale ("Town") is a municipal corporation governed by an elected mayor and a six-member Council. The Town provides the following services to the citizens of the Town as authorized by its charter: public safety (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to the state and local governments. Generally accepted accounting principles for local government include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments- Audit and Accounting Guide.* The more significant accounting policies of the Town are described below:

1. Reporting Entity

The Town is a municipal corporation governed by an elected mayor and six-member Council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

Under GASB Statement No. 14, component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents;

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization;

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the Town.

Discretely presented component units. The Town has two discretely presented component units. 4A Development Corporation and 4B Development Corporation. The component units described below are included in the Town's reporting entity because the Town appoints the governing body and the Corporations are fiscally dependent on the Town. To emphasize that the component units are legally separate from the Town, they are reported in a separate column in the financial statements. Fund information for the component units can be found in the supplementary information in this report. There are no separate financial statements issued for the component units.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity (continued)

The Sunnyvale 4A Development Corporation is governed by a 5-member board appointed by and serving at the pleasure of the Town Council. The funding for the Corporation occurs with the collection of 1/4 of one percent of sales tax collections from the Town. The Corporation promotes development of commercial real estate, fosters local prosperity and offers a competitive advantage for new, relocating, and expanding businesses.

The Sunnyvale 4B Development Corporation is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic incentives and development and improvement in the quality of life for its citizens. The members of the Corporation's board serve at the pleasure of the Town Council.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

2. Basis of Presentation, Basis of Accounting

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but distinguish between the Town's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the Town's financial activities. In addition, a budgetary comparison statement is presented that compare the original adopted and final amended budget with actual results for the General Fund.

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Basis of Presentation, Basis of Accounting (continued)

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the funds financial statements. The major governmental funds are the General Fund and the Debt Service Fund. The major proprietary fund is the utility fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements. With the adoption of GASB Statement No. 63, the presentation of deferred inflows/outflows is included in this calculation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and sewer function and various other functions of the government, if any. Elimination of these charges would distort the direct costs and program revenues reported by the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the costs of sales and service administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

3. Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred, regardless of the timing of cash flows.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available when they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable shortly after year end as required by GASB Interpretation No. 6.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Measurement Focus (continued)

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the Town's major governmental funds:

The ***General Fund*** is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvements costs that are not paid through other funds are paid from this fund.

The ***Debt Service Fund*** accounts for the accumulation of resources for the payment of general principal, interest, and related cost on long term obligation debt of governmental funds.

Proprietary funds are accounted for on a flow of economic resources measurement focus. Within the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the Town's water and sewer services are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The following is a description of the proprietary fund:

The ***Utility Fund*** accounts for the activities of trash collection, and water and wastewater operations that are intended to be self-supporting on a user charge basis.

4 Financial Statement Amounts

a. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of one year or less from the date of acquisition.

b. Inventories

Inventories are valued using the first-in/first-out ("FIFO") method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

c. Receivable and Payable Balances

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as Internal Balances.

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

d. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents and investments set aside for repayment of customer's water/sewer deposits, impact fees, and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and sewer services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

e. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The Town defines capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Buildings	40 years
Building Improvements	10-40 years
Machinery & Equipment	3-5 years
Infrastructure	40-50 years

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

f. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town only has two items that qualifies for reporting in this category. It is the deferred charge on refunding debt reported in the government- wide statement of net position and on the utility operations fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year end. Also, the difference between projected and actual investment earnings that are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue* is reported in the governmental funds balance sheet. Deferred revenue from property taxes is shown as a deferred inflow of resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. Deferred revenue from the receivable from 4A is shown as a deferred resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. As a component of implementing GASB Statement No. 68, a deferred inflow is recorded in the government-wide statement of net position and fund level financials for the proprietary statement of net position for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the Plan actuary. The differences are amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

g. Compensated absences

It is the government's policy to permit employees with at least six months of continuous service to accumulate earned but unused vacation pay benefits, not to exceed two times the rate of the employees' annual rate of accrual based on years of service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. As such, there is an accrual at the close of the fiscal year in the government-wide and proprietary fund financial statements for the amount due to all employees as of September 30, 2017. No unused holiday leave will be paid out upon termination of employment.

h. Pension Plan

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amounts recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts

h. Pension Plan (continued)

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2016. Changes in the net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) will be amortized over the weighted average remaining service life of all participants and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred inflows/outflows of resources relating to pension expense, information about the fiduciary net position of the Town's pension plant with TMRS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at market value.

Projected earning on pension investments are recognized as a component of pension expense. Difference between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

i. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The Town has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

k. Fund Balance Policies

In the fund financial statements, governmental funds report reservations of fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* - includes the portion of net resources that cannot be spent because of their form (i.e., inventory, long-term loans, or prepaids) or because they must remain intact.
- *Restricted fund balance* - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* - includes the portion of net resources that can only be used for specific purposes determined by a resolution or ordinance of the Town Council and that remains binding unless removed in the same manner. The resolution must be approved before the end commitment will be reflected on the financial statements.
- *Assigned fund balance* - includes the portion of net resources for which an *intended* use has been established by the Town Council or the Town Manager. Assignment of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund, as directed by the Town Council or the Town Manager.
- *Unassigned fund balance* - includes the amounts in the General Fund in excess of what can properly be classified in one of the other categories of fund balance. It is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The purpose of the Town's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the Town to maintain a minimum unassigned fund balance in the general fund equivalent to no less than 66% of operating expenses. The Town is currently in compliance with this policy.

l. Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

m. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed.

n. Comparative Data

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budgeted to actual results.

o. Property Taxes

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Dallas Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Dallas Appraisal District bill the property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time, substantially all property taxes are collected. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraisal values. The Town may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the Town continues to set tax rates on Town property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the fiscal year ended September 30, 2017, the Town had a tax rate of $.407962 per $100 assessed values.

p. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 Financial Statement Amounts (continued)

r. Program Revenues

Certain revenues such as charges for services and impact fees are included in program revenues.

s. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None	N/A

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Violation	Action Taken
None	N/A

3. Budgets and Budgetary Accounting

The Town adopts an "appropriated budget" of several of the governmental funds by department. The Town is required to present the adopted and final amended budgeted revenues and expenditures. The Town compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- The Town Manager shall submit a proposed budget containing a complete financial Plan for each fiscal year. Such budget shall be submitted to the Town Council not more than one hundred twenty (120) days but not less than sixty (60) days prior to the beginning of each fiscal year.
- The General Fund is legally required to have an adopted budget and is included in the basic financial statements. The Town Manager shall submit a five-year Capital Improvement Program as an attachment to the annual budget. The Program shall include a list of all capital improvements that are proposed for the five fiscal years succeeding the budget year; cost estimates, method of financing, and recommended time schedules for each improvement; and the estimated annual cost of operating and maintaining the facilities to be constructed or acquired. The information may be revised and extended each year with regard to the capital improvements still pending or in process of construction or acquisition. The level of control (the level that expenditures cannot exceed budget) is the fund level.
- The Town Council shall have published a notice for a public hearing on the budget in accordance with State Law.

B. COMPLIANCE AND ACCOUNTABILITY

3. Budgets and Budgetary Accounting (continued)

- After the public hearing, the Town Council may adopt the budget with or without amendment. In amending the budget, the Town Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service.

- On or before the 20th day of the last month of the fiscal year currently ending, the Town Council shall adopt the budget by an affirmative vote of a majority of the members of Town Council then qualified and serving. If the Town fails to adopt the budget by this date, the amounts appropriated for current operation for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month-to-month basis, with all items in it prorated accordingly, until such time as the Town Council adopts a budget for the ensuing fiscal year. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

- Under conditions which may arise and which could not have been foreseen in the normal process of budget preparation, the Town Council may, by an affirmative action vote of a majority of the members of the Town Council then qualified and serving, amend the budget. Such amendments shall be by ordinance.

C. CASH AND INVESTMENTS

The Town's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with the Town's agent approved pledged securities authorized by Chapter 2257, "Collateral for Public Fund of the Government Code", in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC").

Cash Deposits

At September 30, 2017, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $15,639,108 and the bank balance was $15,962,520. The Town's cash deposits at September 30, 2017 and during the year ended September 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

Cash and investments as of September 30, 2017 consist of and are classified in the financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	$ 6,130,694
Restricted assets-cash and cash equivalents	9,508,414
Total cash and cash equivalents	$ 15,639,108
Governmental - Restricted Cash	
Community services	$ 65,017
Road maintenance and improvements	1,373,872
Debt service	178,158
Capital projects	5,194,458
Total Governmental	6,811,505
Business-type - Restricted Cash	
Customer deposits	196,600
Debt service	414,750
Water Infrastructure installation	1,608,999
Capital projects	476,560
Total Business-type	2,696,909
Total Restricted cash	$ 9,508,414

C. CASH AND INVESTMENTS (continued)

Investments

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the Town to have an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

Currently, all of the Town's investments are with TexSTAR. TexSTAR is administered by First Southwest Asset Management Inc. and JP Morgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard & Poor's. A request for TexSTAR's financial statement can be made at www.TexStar.org.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the Town to require full collateralization of all Town investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

In order to anticipate market changes and provide a level of security for all funds, it is the Town's policy that the market value of investments securing the deposit of funds shall be at least equal to or not less than 102% of the amount of the deposit of funds, reduced to the extent that the deposits are insured by the FDIC. The market value of collateral will always equal or exceed the principal and accrued interest of deposits at financial institutions. At its discretion, the Town may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third party with whom the Town has a current custodial agreement. As of September 30, 2017, The Town is in compliance with this policy.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements and the actual rating as of year end for each investment type.

The Town will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by:

- Limiting investment to the safest types of securities;
- Pre-qualifying the financial institutions and broker/dealers with which the Town will do business;
- Diversifying the investment portfolio so that potential loss on individual securities will be minimized.

Interest Rate Risk

Investment rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its market value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The Town monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town's investment policy has no specific limitations with respect to this metric.

C. CASH AND INVESTMENTS (continued)

Fair Value of Investments

Fair value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in forced liquidation. GASB 79 created an election option for external investment pools and pool participants to continue to utilize amortized cost accounting, rather than fair value, for certain investment pools and eliminated the reference to SEC2a-7 guidance. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. The Town's investment pool (TexStar) are in compliance with GASB 79. The Town's investment pool TexStar has elected to continue to measure its investments at fair value even though they meet all criteria under GASB 79 to report at amortized cost. The Town has mirrored these valuations.

The Town is required to disclose the fair value of its investments within the fair value hierarchy established by GASB 72. In the fair value hierarchy there are three levels: 1) Inputs that are quoted prices(unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date, 2) inputs (other than quoted prices included within level one) that are observable for an asset or liability, either directly or indirectly, 3) unobservable inputs for an asset or liability. liability.

Federal Securities classified as level two of the fair value hierarchy are valued using an evaluation model maintained by surveying the dealer community, obtaining relevant trade dates and spreads, and incorporating information into the evaluation process. U.S. Treasury Notes classified as level two of the fair value hierarchy are valued using an evaluation mode with continuous feeds from live data sources including active market makers and inter-dealer brokers.

The Town invest in TexStar investment pool which maintain a stable net asset value (NAV) of $1 per share using the fair value method. The Town has no unfunded commitments to these pools and may redeem investments at any time. As of September 30, 2017 the Town's investments all were classified as level two according to GASB 72, except for the pools which are exempt from the level of fair value disclosure because they are valued either at NAV or amortized cost.

SUMMARY OF INVESTMENTS AND CASH EQUIVALENTS, RELATED WEIGHTED AVG. MATURITY, AND FAIR VALUE MEASUREMENTS

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End	Average Maturity
TexStar	$ 5,671,017	N/A	AAA-m	29 days

D. RECEIVABLES

Receivables as of year end for the government's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Utility	Total
Receivables:				
Taxes	$ 733,201	$ 16,307	$ -	$ 749,508
Fees and Charges	1,792,887	-	889,230	2,682,117
Gross Receivables	2,526,088	16,307	889,230	3,431,625
Less: allowance for uncollectibles	(1,350,269)	(7,703)	(460)	(1,358,432)
Net Total Receivables	$ 1,175,819	$ 8,604	$ 888,770	$ 2,073,193

E. NOTE RECEIVABLE

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by the Corporation to pay a portion of the principal and interest on the bonds.

	Beginning Balances	Additions	Decreases	Ending Balances	Due Within One Year
Note receivable-4A Dev	$ 485,576	$ -	$ 49,927	$ 435,649	$ 52,910

Requirements as follows:

Year Ending Sept 30	Payment
2018	$ 52,910
2019	34,998
2020	35,164
2021	36,238
2022	37,254
2023-2028	239,085
	$ 435,649

F. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2017 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 1,015,924	$ -	$ 403,755	$ -	$ 1,419,679
Total capital assets, not being depreciated	1,015,924	-	403,755	-	1,419,679
Capital assets, being depreciated:					
Buildings & Improvements	5,395,244	-	-	-	5,395,244
Machinery & Equipment	4,369,894	-	348,007	(762,306)	3,955,595
Infrastructure	9,224,828	-	20,278	-	9,245,106
Total capital assets being depreciated	18,989,966	-	368,285	(762,306)	18,595,945
Less accumulated depreciation for:					
Buildings & Improvements	(1,349,672)	-	(134,826)	-	(1,484,498)
Machinery & Equipment	(3,189,748)	-	(208,826)	762,306	(2,636,268)
Infrastructure	(1,702,319)	-	(281,889)	-	(1,984,208)
Total accumulated depreciation	(6,241,739)	-	(625,541)	762,306	(6,104,974)
Total capital assets, being depreciated, net	12,748,227	-	(257,256)	-	12,490,971
Governmental activities capital assets, net	$ 13,764,151	$ -	$ 146,499	$ -	$ 13,910,650

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 127,225	$ -	$ -	$ -	$ 127,225
Construction in Progress	664,402	-	3,081,666	-	3,746,068
Total capital assets, not being depreciated	791,627	-	3,081,666	-	3,873,293
Capital assets, being depreciated:					
Buildings	1,959,800	-	-	-	1,959,800
Machinery & Equipment	750,033	-	99,730	(51,489)	798,274
Infrastructure	18,841,926	-	2,347,175	-	21,189,101
Total capital assets being depreciated	21,551,759	-	2,446,905	(51,489)	23,947,175
Less accumulated depreciation for:					
Buildings	(893,498)	-	(37,784)	-	(931,282)
Machinery & Equipment	(399,955)	-	(38,446)	51,489	(386,912)
Infrastructure	(4,316,174)	-	(409,405)	-	(4,725,579)
Total accumulated depreciation	(5,609,627)	-	(485,635)	51,489	(6,043,773)
Total capital assets, being depreciated, net	15,942,132	-	1,961,270	-	17,903,402
Business-type activities capital assets, net	$ 16,733,759	$ -	$ 5,042,936	$ -	$ 21,776,695

During the current fiscal year, capitalized interest was calculated in the amount of $17,812 but was not capitalized. During the current fiscal year, the Town received developer contributions of water lines with a value of $2,347,174 which is included in Infrastructure.

F. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	$ 170,981
Public Safety	144,319
Public Works	195,984
Community Service	23,138
Parks & Recreation	91,119
Total depreciation expense - governmental activities	$ 625,541
Business-type activities:	
Utility	$ 485,635
Total depreciation expense - business-type activities	$ 485,635

G. CONSTRUCTION COMMITMENTS

The Town has one active construction project as of September 30, 2017. The project involves the construction of a new water tower.

Project	Spent-to-date	Remaining Commitment
Water Tower	$ 3,746,068	$ 389,338
Totals	$ 3,746,068	$ 389,338

H. IMPAIRED CAPITAL ASSETS

The Town of Sunnyvale and management did not take note of any significantly impaired capital assets that are idle at the end of the fiscal year of 2017.

I. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2017, is as follows:

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Refunding bonds	$ 3,100,000	$ -	$ (450,000)	$ 2,650,000	$ 450,000
Certificates of obligation	-	4,045,000	-	4,045,000	-
Tax Note	615,000	-	(120,000)	495,000	120,000
Plus: Issuance premiums	196,170	347,923	(18,385)	525,708	34,331
Minus: Issuance discounts		(32,342)	135	(32,207)	(1,617)
Total bonds payable	3,911,170	4,360,581	(588,250)	7,683,501	602,714
BOK Finance	492,458	-	(90,170)	402,288	90,170
Total lease payable	492,458	-	(90,170)	402,288	90,170
Net pension liability	612,971	17,123	-	630,094	-
Compensated absences	115,246	9,619	-	124,865	14,554
Governmental activity Long-term liabilities	$ 5,131,845	$ 4,387,323	$ (678,420)	$ 8,840,748	$ 707,438

I. LONG-TERM OBLIGATIONS (continued)

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Business-type Activities					
Water & Sewer					
Refunding bonds	$ 2,135,000	$ -	$ (315,000)	$ 1,820,000	$ 140,000
Certificates of obligation	2,485,000	-	(125,000)	2,360,000	125,000
Plus: issuance premiums	166,452	-	(18,696)	147,756	13,223
Minus: Issuance discounts	(1,086)	-	1,086	-	-
Total Bonds Payable	4,785,366	-	(457,610)	4,327,756	278,223
Notes payable	144,037	-	(12,006)	132,031	12,004
Minus: Issuance discounts	(42,850)		3,571	(39,279)	(3,571)
Total Notes Payable	101,187	-	(8,435)	92,752	8,433
Net pension liability	152,787	-	(7,722)	145,065	-
Compensated absences	18,270	4,788	-	23,058	950
Business-type activity Long-term liabilities	$ 4,904,823	$ 4,788	$ (466,045)	$ 4,443,566	$ 287,606

General obligation bonds
The general obligation bonds are backed by the full faith and credit of the Town and are payable from property taxes.

Refunding bonds and certificates of obligation
The refunding bonds and certificates of obligation are payable from the net revenues of the Utility Fund and from property taxes received by the Town.

Compensated Absences
Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund or Proprietary Fund, based on the assignment of an employee at date of termination.

Changes in Governmental Long-term Debt

Description	Interest Rate Payable	Amounts Issue	Amounts Outstanding September 30 2016	Issued	Retired	Amounts Outstanding September 30 2017	Due Within One Year
2013 GO Refunding	2.50%	$ 4,295,000	$ 3,100,000	$ -	$ (450,000)	$ 2,650,000	$ 450,000
2017 Certificate of Obligation	3.00%	4,045,000	-	4,045,000	-	4,045,000	-
2014 Tax Note	1.62%	785,000	615,000	-	(120,000)	495,000	120,000
Total Bonds Payable		9,125,000	3,715,000	4,045,000	(570,000)	7,190,000	570,000
Capital Lease- BOK Finance	1.81%	591,554	492,458	-	(90,170)	402,288	90,170
Total Capital Lease Payable		591,554	492,458	-	(90,170)	402,288	90,170
Net pension liability			612,971	17,123	-	630,094	-
Compensated absences			115,246	9,619	-	124,865	14,554
Totals		$ 9,716,554	$ 4,935,675	$ 4,071,742	$ (660,170)	$ 8,347,247	$ 674,724

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	$ 590,000	$ 217,363	$ 807,363
2019	420,000	206,813	626,813
2020	430,000	197,038	627,038
2021	440,000	187,975	627,975
2022	385,000	178,075	563,075
2023-2027	2,100,000	712,625	2,812,625
2028-2032	1,410,000	406,075	1,816,075
2033-2037	1,415,000	146,100	1,561,100
Totals	$ 7,190,000	$ 2,252,064	$ 9,442,064

I. LONG-TERM OBLIGATIONS

Changes in Governmental Long-term Debt (continued)

A brief discussion of each bond issuance follows:

$4,295,000 Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

$785,000 2014 Tax Note issued in November 2014 for the purpose of purchasing land and a building for law enforcement facilities. The Note matures in February 2021.

$4,045,000 2017 Certificate of Obligation issued in April 2017 for the purpose of construction of street improvements to Collins Road. The Certificates mature at various dates through September 2037.

Capital Lease

The Town entered into a capital lease agreement for a 2016 Ford F-350 Ambulance in the amount of $176,125 on December 29, 2015 and a 2016 Spartan Pumper in the amount of $415,429 on February 16, 2016. The lease will be repaid over a seven year period at an interest rate of 1.81%. The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2017 were as follows:

Year Ending September 30:	Total Requirements
2018	$ 99,097
2019	99,097
2020	99,097
2021	62,588
2022	62,588
Totals	$ 422,467

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30 2016	Issued	Retired	Amounts Outstanding September 30 2017	Due Within One Year
2010 GO Refunding	3.00%	$ 1,090,000	$ 175,000	$ -	$ (175,000)	$ -	$ -
2011 CO	3.00%	3,035,000	2,485,000	-	(125,000)	2,360,000	130,000
2013 GO Refunding	2.50%	2,370,000	1,960,000	-	(140,000)	1,820,000	145,000
Total Bonds Payable		6,495,000	4,620,000	-	(440,000)	4,180,000	275,000
Infrastructure Repayment		192,062	144,037	-	(12,006)	132,031	12,004
Net pension liability			152,787	-	(7,722)	145,065	-
Compensated Absences			18,270	4,788	-	23,058	950
Totals		$ 6,687,062	$ 4,935,094	$ 4,788	$ (459,728)	$ 4,480,154	$ 287,954

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	$ 275,000	$ 143,075	$ 418,075
2019	280,000	134,800	414,800
2020	290,000	124,875	414,875
2021	300,000	114,600	414,600
2022	310,000	103,975	413,975
2023-2027	1,725,000	350,263	2,075,263
2028-2031	1,000,000	58,919	1,058,919
Totals	$ 4,180,000	$ 1,030,507	$ 5,210,507

I. LONG-TERM OBLIGATIONS

Changes in Business-type Long-term Debt (continued)

A brief discussion of each bond issuance follows:

$1,090,000 Series 2010 Refunding General Obligation Bonds issued in March 2010 to refund a portion of the Town's outstanding debt. The Bonds matured in 2017 and were repaid in their entirety.

$3,035,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued for constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water system properties and facilities, including the acquisition of land and right-of-ways therefore, and professional services rendered in connection therewith. The Certificates mature at various dates through February 2021.

$2,370,000 Series 2013 Refunding General Obligation Bonds issued in April 2013 to refund a portion of the Town's outstanding debt. The Bonds mature in September 2028.

Note Payable

In fiscal year 2007, the Town executed an infrastructure repayment agreement with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of the agreement, the Town agreed to repay program income to the Texas Department of Agriculture an amount up to $192,100. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in no more than two hundred and forty equal monthly installments beginning the first (1st) day of the third (3rd) month following the completion date or occupancy by the beneficiary, whichever comes first. The amount of funds to be repaid as of September 30, 2017 totals $132,031. The amount due within one year totals $12,004.

Future note payments are as follows:

Year Ending September 30:	Minimum Obligation
2018	$ 12,004
2019	12,004
2020	12,004
2021	12,004
2022	12,004
2023-2028	72,012
Total minimum note payments	$ 132,032
Less: amount representing interest	(39,279)
Present value of note payments	$ 92,753

J. OPERATING LEASES

The Town leases copiers from DeLange to provide equipment for the printing, copying, faxing, and scanning needs of the Town during daily operation. The total cost for the copier leases was $31,940 for the year ended September 30, 2017 The Town also leases a postage machine from Pitney Bowes. The total cost for the postage machine lease was $2,928 for the year ended September 30, 2017. The future minimum payments for these leases are as follows:

Year Ending September 30	Pitney	De Lage	Total
2018	$ 2,928	$ 31,308	$ 34,236
2019	2,928	31,308	34,236
2020	2,928	31,308	34,236
2021	1,464	2,609	4,073
Total	$ 5,856	$ 62,616	$ 68,472

K. PENSION PLAN

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TMRS and additions to/ deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Plan Description

The Town provides pension benefits for all its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G. Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the Town Council, within the options available in the statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Member may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms:
At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	Plan Year	
	2016	2015
Inactive employees or beneficiaries currently receiving benefits	15	15
Inactive employees entitled to but not yet receiving benefits	31	24
Active employees	36	36
	82	75

K. PENSION PLAN (continued)

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the Town Council. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 6.00% of their annual gross earnings during the fiscal year. Contribution rates for the Town were 11.87% and 12.94% in calendar years 2016 and 2015, respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2017 were $242,936.

4. Net Pension Liability

The Town's Net Pension Liability ("NPL") was measured as of December 31, 2016, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:
The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0%, per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the Town, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding need of TMRS.

The long-term expected rate of return on pension plan investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

K. PENSION PLAN

4. Net Pension Liability (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustments for the time (conservative) and (2) the geometric mean (conservative) and an adjustment for the time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments. was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability/(Asset):

	Increases (Decreases)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2015	$ 4,728,299	$ 3,889,359	$ 838,940
Changes for the year:			
Service cost	295,043		295,043
Interest (on the Total Pension Liability)	322,942		322,942
Changes of benefit terms	-		-
Difference between expected and actual experience	(15,243)		(15,243)
Changes in assumptions	-		-
Benefit payments, including refunds of employee contributions	(183,001)		(183,001)
Contributions - employer		231,142	(231,142)
Contributions - employee		113,770	(113,770)
Net investment income		262,691	(262,691)
Benefit payments, including refunds of employee contributions		(183,001)	183,001
Administrative Expense		(2,969)	2,969
Other		(160)	160
Balances as of December 31, 2016	$ 5,148,040	$ 4,310,832	$ 837,208

K. PENSION PLAN

4. Net Pension Liability (continued)

Sensitivity of the net position liability to change in the discount rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 1,675,277	$ 837,208	$ 165,850

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the Town recognized pension expense of $248,611.

At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ -	$ 109,498
Changes in actuarial assumptions	15,233	-
Difference between projected and actual investment earnings	173,717	127
Contributions subsequent to the measurement date of December 31, 2016	183,684	-
	$ 372,634	$ 109,625

$183,684 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources: December 31	
2017	$ (6,660)
2018	38,750
2019	49,021
2020	(1,786)
2021	-
Thereafter	-
	$ 79,325

K. PENSION PLAN

6. Group-term Life Insurance

The Town also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit", or OPEB.

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The Town's contributions to the TMRS SDBF for the years ended September 30, 2017, 2016, 2015 and 2014 were $2,655, $2,470, $2,796 and $2,011, respectively, which equaled the required contributions for each year.

L. HEALTH CARE COVERAGE

During the year ended September 30, 2017, employees of the Town were covered by a health insurance plan with Texas Municipal League Intergovernmental Employee Benefit Pool ("TMLIEBP"). The Town contributed $498 per month per employee. Of this monthly amount, $62.50 was credited to a Health Reimbursement Account ("HRA") for each employee. The monthly premium also included $10,000 life insurance and accidental death and dismemberment ("AD&D") protection for each employee. The Town paid 100% of monthly premiums for full-time employees. The Town did not pay for dependent coverage; however, it is available to employees at their option and was paid through payroll deductions.

M. INSURANCE COVERAGE

In accordance with state statute, the Town was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2015, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

N. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Town pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The Town continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

O. LITIGATION

The Town is not a party to any legal proceedings as of or for the year ended September 30, 2017.

P. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit.
Water Accountability Report:

Gallons Purchased	523,191,000
Gallons Billed	450,309,247

The Town secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59, created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation, and eminent domain power and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the Town. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of these factors, the District is not included in the Town's basic financial statements.

The Town purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The Town currently pays $2.58 per thousand gallons for water with the total cost for this current fiscal year being $1,537,398.

Q. TRANSFERS

Transfers between funds during the fiscal year were as follows:

Funds	Transfers Out	Transfers In	Total
General Fund	$ (530,509)	$ 25,000	$ (505,509)
Other Governmental Funds	(98,586)	-	(98,586)
Water and Sewer Funds	(218,725)	822,820	604,095
Total Major Funds	$ (847,820)	$ 847,820	$ -

Transfers are used to 1) transfer debt service payments and 2) fund general administrative operations.

R. RELATED PARTY TRANSACTIONS

The Town's Finance Director is married to the owner of Digital Security Systems, a company which services the security system of the Town. During the year ended September 30, 2017, the Town incurred $936 with Digital Security Systems. No amounts were outstanding as of September 30, 2017.

The Town entered into a promissory note agreement with the Town Manager in the amount of $50,000 to be used for the purchase of, or down payment on, a residence within Sunnyvale's town limits. This note is secured with a lien by a deed of trust against the Town Manager's residence. Credit will be applied against the promissory note each year and this amount will be a part of the Town Manager's taxable earnings. This note will be paid in full within five years. In the current fiscal year, credit of $9,959 was applied to the note and reported as taxable wages on the Town Manager's earnings. As of September 30, 2017 the remaining balance on note is $20,685. Subsequent to September 30, 2017, the Town Manager's contract expired without renewal. The balance of the note was charged to taxable wages on the date of his resignation.

S. SUBSEQUENT EVENTS

The Town has evaluated all events and transactions that occurred after September 30, 2017 up through March 12, 2018, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned above.

T. SUNNYVALE 4A DEVELOPMENT CORPORATION

The 4A Economic Development Corporation ("4A") is financed with a voter approved 1/4 of one percent sales tax to aid, promote and further the economic development within the Town. Under a contract between 4A and the Town, the Town provides financial services for 4A.

1. Stewardship, Compliance and Contractual Provisions

a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
N/A	N/A

b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at fiscal year-end, if any along with remarks which address such deficits:

Violation	Action Taken
N/A	N/A

2. Deposits and Investments

Cash Deposits
At September 30, 2017, the carrying amount of 4A's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $1,103,841 and the bank balance was $1,116,965. 4A's cash deposits at September 30, 2017 and during the year ended September 30, 2017 were entirely covered by FDIC and pledged collateral held by 4A's agent bank in 4A's name.

Cash and investments as of September 30, 2017 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

4A Development Corporation	
Cash and Cash Equivalents	$ 1,103,841

Investments
The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the 4A adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $53,552 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

T. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

4. Capital Assets

Capital asset activity for the period ended September 30, 2017 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
4A Component Unit					
Capital assets, being depreciated:					
Machinery & Equipment	$ 8,578	$ -	$ -	$ -	$ 8,578
Total capital assets being depreciated	8,578	-	-	-	8,578
Less accumulated depreciation for:					
Machinery & Equipment	(6,718)	-	(1,716)	-	(8,434)
Total accumulated depreciation	(6,718)	-	(1,716)	-	(8,434)
Total capital assets, being depreciated, net	1,860	-	(1,716)	-	144
4AI component unit capital assets, net	$ 1,860	$ -	$ (1,716)	$ -	$ 144

Depreciation expense was charged to functions/programs of the component unit as follows:

4A Community Service	$ 1,716

5. Long-term Obligations

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by 4A to pay a portion of the principal and interest on the bonds. 4A remitted $49,927 to the Town during fiscal year 2017. The outstanding amount owed to the Town as of September 30, 2017 totaled $435,649. Note payable requirements are as follows:

	Beginning Balance	Issued	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Note payable - Town	$ 485,576	$ -	$ (49,927)	$ 435,649	$ 52,910
Total note payable	485,576	-	(49,927)	435,649	52,910
Net pension liability	24,029	-	(3,614)	20,415	-
Compensated absence	2,938	-	(2,938)	-	-
Total	$ 512,543	$ -	$ (56,479)	$ 456,064	$ 52,910

Debt service requirements are as follows:

Year ending Sept 30	Payment
2018	$ 52,910
2019	34,998
2020	35,164
2021	36,238
2022	37,254
2023-2028	239,085
	$ 435,649

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. Also, 4A employees were provided the same pension benefits through TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

T. SUNNYVALE 4A DEVELOPMENT CORPORATION (continued)

6. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4A's liability for compensated absences as of September 30, 2017 is as follows:

	Amounts Outstanding September 30 2016	Issued	Retired	Amounts Outstanding September 30 2017	Due Within One Year
Compensated absences	$ 2,938	$ -	$ (2,938)	$ -	$ -

7. Net Pension Liability

4A employees were provided the same pension benefits through the TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30 2016	Increase/ (Decrease)	Amounts Outstanding September 30 2017
Net pension liability	$ 24,029	$ (3,614)	$ 20,415

8. Subsequent Events

4A has evaluated all events and transactions that occurred after September 30, 2017 up through March 12, 2018, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned above.

U. SUNNYVALE 4B DEVELOPMENT CORPORATION

The 4B Development Corporation ("4B") is financed with a voter approved one half of one percent sales tax to promote and retain business development within the Town through enhancements and expansions of the local economy. Under a contract between 4B and the Town, the Town provides financial services for 4B.

1. Stewardship, Compliance and Contractual Provisions

a. Finance-related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
N/A	N/A

b. Deficit Fund Balance of Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at fiscal year-end, if any along with remarks which address such deficits:

Violation	Action Taken
N/A	N/A

2. Deposits and Investments

Cash Deposits
At September 30, 2017, the carrying amount of the 4B Development Corporation's ("4B") deposits (cash, certificates of deposit and interest-bearing savings accounts included in temporary investments) was $1,447,701 and the bank balance was $1,476,630. 4B's cash deposits at September 30, 2017 and during the year ended September 30, 2017 were entirely covered by FDIC and pledged collateral held by 4B's agent bank in 4B's name.

U. SUNNYVALE 4B DEVELOPMENT CORPORATION

2. Deposits and Investments (continued)

Cash and investments as of September 30, 2017 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
4B Development Corporation	
Cash and cash equivalents	$ 1,447,701
Restricted cash and cash equivalents	-
	$ 1,447,701

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the 4B adhered to the requirements of the Act.

3. Receivables

Accounts receivable at the end of the fiscal year is due from the Town in the amount of $107,105 for collection of sales tax revenues. No allowance for uncollectible is calculated since there is minimal chance that the entire amount will not be collected.

4. Capital Assets

Capital asset activity for the period ended September 30, 2017 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
4B Component Unit					
Capital assets, not being depreciated:					
Land	$ 1,375,000	$ -	$ -	$ -	$ 1,375,000
Total capital assets not being depreciated	1,375,000	-	-	-	1,375,000

5. Compensated Absences

Compensated absences represent the estimated liability for employees' accrued paid time off for which employees are entitled to be paid upon termination. The detail of 4B's liability for compensated absences as of September 30, 2017 is as follows:

	Amounts Outstanding September 30 2016	Issued	Retired	Amounts Outstanding September 30 2017	Due Within One Year
Compensated absences	$ 6,974	$ -	$ (3,004)	$ 3,970	$ 842

6. Net Pension Liability

4B employees were provided the same pension benefits through the TMRS as the Town employees. See Note J for detailed disclosures of the pension plan and net pension liability.

	Amounts Outstanding September 30 2016	Increase/ (Decrease)	Amounts Outstanding September 30 2017
Net pension liability	$ 49,154	$ (7,520)	$ 41,634

7. Subsequent Events

4B has evaluated all events and transactions that occurred after September 30, 2017 up through March 12, 2018, the date the financial statements were available to be issued. During this time, management is not aware of any events requiring financial statement disclosure other than those mentioned above.

TOWN OF
SUNNYVALE

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF
SUNNYVALE

TOWN OF SUNNYVALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SCHEDULE OF CONTRIBUTIONS
LAST FOUR FISCAL YEARS (UNAUDITED)

	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Actuarially determined contribution	$ 173,488	$ 188,817	$ 206,166	$ 226,781
Contributions in relation to the actuarially determined contribution	$ 173,488	$ 188,817	$ 206,166	$ 226,781
Contributions deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,340,708	$ 1,406,983	$ 1,669,364	$ 1,896,161
Contributions as a percentage of covered employee payroll	13.42%	12.94%	12.35%	11.96%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes — Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes — There were no benefit changes during the year.

Note: Years will continue to be added until there are 10 years for comparison

TOWN OF SUNNYVALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-TMRS

	12/31/2016	12/31/2015	12/31/2014
Total pension liability			
Service cost	$ 295,043	$ 258,084	$ 201,393
Interest (on the Total Pension Liability)	322,942	306,981	305,697
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(15,243)	(17,673)	(288,939)
Change of assumptions	-	28,957	-
Benefit payments, including refunds of employee contributions	(183,001)	(208,896)	(247,410)
Net Change in Total Pension Liability	419,741	367,453	(29,259)
Total Pension Liability - Beginning	4,728,299	4,360,846	4,390,105
Total Pension Liability - Ending	$5,148,040	$4,728,299	$4,360,846
Plan Fiduciary Net Position			
Contribution - employer	$ 231,142	$ 213,509	$ 186,424
Contribution - employee	113,770	100,162	84,419
Net investment income	262,691	5,581	203,553
Benefit payments, including refunds of employee contributions	(183,001)	(208,896)	(247,410)
Administrative expense	(2,969)	(3,400)	(2,125)
Other	(160)	(168)	(175)
Net Change in Plan Fiduciary Net Position	421,473	106,788	224,686
Plan Fiduciary Net Position - Beginning	3,889,359	3,782,571	3,557,885
Plan Fiduciary Net Position - Ending	$4,310,832	$3,889,359	$3,782,571
Net Pension Liability - Ending	$ 837,208	$ 838,940	$ 578,275
Plan Fiduciary Net Position as a percentage of Total Pension Liability	83.74%	82.26%	86.74%
Covered employee payroll	$1,896,161	$1,669,364	$1,406,983
Net Pension Liability as a percentage of covered employee payroll	44.15%	50.26%	41.10%

Note: Years will be added until there are 10 years of comparison

SUPPLEMENTARY INFORMATION

TOWN OF SUNNYVALE, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Roadway Impact	Homestead Amenities	Special Revenue
ASSETS			
Cash and Investments:			
Unrestricted	$ -	$ -	$ -
Restricted	1,053,067	320,805	-
Receivables (net of allowances for uncollectible)	-	-	171,360
Total Assets	1,053,067	320,805	171,360
LIABILITIES			
Accounts Payable	-	-	-
Total Liabilities	-	-	-
FUND BALANCES			
Restricted:			
Community services	-	-	-
Municipal court	-	-	171,360
Street Maintenance	1,053,067	320,805	-
Assigned:			
Capital improvements	-	-	-
Unassigned	-	-	-
Total Fund Balances	1,053,067	320,805	171,360
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,053,067	$ 320,805	$ 171,360

PEG Capital	Tax Increment	Capital Projects	Total Other Governmental Funds
$ -	$ -	$ -	$ -
65,017	-	5,194,458	6,633,347
3,024	-	-	174,384
68,041	-	5,194,458	6,807,731
-	-	-	-
-	-	-	-
68,041	-	-	68,041
-	-	-	171,360
-	-	-	1,373,872
-	-	5,194,458	5,194,458
-	-	-	-
68,041	-	5,194,458	6,807,731
$ 68,041	$ -	$ 5,194,458	$ 6,807,731

TOWN OF SUNNYVALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Roadway Impact	Homestead Amenities	Special Revenue	PEG Capital
REVENUE				
Franchise	$ -	$ -	$ -	$ 13,878
Fines and forfeitures	-	-	27,693	-
Impact fees	106,721	175,744	-	-
Miscellaneous	-	-	3,000	-
Investment income	2,015	781	-	71
Total Revenues	108,736	176,525	30,693	13,949
EXPENDITURES				
Current:				
Public safety	-	-	5,924	-
Public works	-	-	-	-
Public services and operations	-	-	18,367	-
Library	-	-	-	-
Total Expenditures	-	-	24,291	-
Excess (deficiency) of revenues over (under) expenditures	108,736	176,525	6,402	13,949
Other Revenues and Financing Sources (uses)				
Transfers In(Out)	(37,802)	-	-	-
Total Other Financing Sources (uses)	(37,802)	-	-	-
Net Change in Fund Balances	70,934	176,525	6,402	13,949
Fund Balances/Equity, beginning of year	982,133	144,280	164,958	54,092
Fund Balances/Equity, end of year	$ 1,053,067	$ 320,805	$ 171,360	$ 68,041

Tax Increment	Capital Projects	Total Other Governmental Funds
$ -	$ -	$ 13,878
-	-	27,693
-	-	282,465
-	-	3,000
-	22,342	25,209
-	22,342	352,245
-	-	5,924
-	8,500	8,500
(3,200)	-	15,167
-	-	-
(3,200)	8,500	29,591
3,200	13,842	322,654
-	4,282,000	4,244,198
-	4,282,000	4,244,198
3,200	4,295,842	4,566,852
(3,200)	898,616	2,240,879
$ -	$ 5,194,458	$ 6,807,731

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET(MODIFIED ACCRUAL BASIS) TO ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Property taxes	$ 684,391	$ 650,598	$ 653,690	$ 3,092
Investment Income	150	150	557	407
Intergovernmental - state & local	(49,927)	(49,927)	49,927	99,854
Total Revenues	634,614	600,821	704,174	103,353
EXPENDITURES				
Current:				
General Government	-	-	-	-
Debt Service				
Principal	617,646	617,646	570,000	47,646
Interest	-	124,142	184,105	(59,963)
Total Parks and Recreation	617,646	741,788	754,105	(12,317)
Total Expenditures	617,646	741,788	754,105	(12,317)
Excess (deficiency) of revenues over (under) expenditures	16,968	(140,967)	(49,931)	91,036
Other Revenues and Financing Sources (uses)				
Bond Proceeds	-	-	4,360,581	4,360,581
Transfers	(99,097)	-	(4,342,784)	(4,342,784)
Total Other Financing Sources (uses)	(99,097)	-	17,797	17,797
Net change in Fund Balances	(82,129)	(140,967)	(32,134)	108,833
Fund Balances/Equity, beginning of year	207,147	207,147	207,147	
Fund Balances/Equity, end of year	$ 125,018	$ 66,180	$ 175,013	

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED ACCRUAL BASIS) TO ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Investment Income	$ -	$ -	$ 22,342	$ 22,342
Total Revenues	-	-	22,342	22,342
EXPENDITURES				
General Government	-	-	8,500	(8,500)
Total General Government	-	-	8,500	(8,500)
Total Expenditures	-	-	8,500	(8,500)
Excess (deficiency) of revenues over (under) expenditures	-	-	13,842	13,842
Other Revenues and Financing Sources (uses)				
Bond Proceeds	-	-	-	-
Transfers	-	-	4,282,000	4,282,000
Total Other Financing Sources (uses)	-	-	4,282,000	4,282,000
Net change in Fund Balances	-	-	4,295,842	4,295,842
Fund Balances/Equity, beginning of year	898,616	898,616	898,616	
Fund Balances/Equity, end of year	$ 898,616	$ 898,616	$ 5,194,458	

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED ACCRUAL BASIS) TO ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Fines and Forfeitures	$ 21,000	$ 21,000	$ 27,693	$ 6,693
Miscellaneous	-	-	3,000	$ 3,000
Total Revenues	21,000	21,000	30,693	9,693
EXPENDITURES				
Current:				
Police	-	-	5,924	(5,924)
Public Services and Operations	17,300	-	18,367	(18,367)
Library	-	-	-	-
Total Expenditures	17,300	-	24,291	(24,291)
Excess (deficiency) of revenues over (under) expenditures	3,700	21,000	6,402	(14,598)
Net change in Fund Balances	3,700	21,000	6,402	(14,598)
Fund Balances/Equity, beginning of year	164,958	164,958	164,958	
Fund Balances/Equity, end of year	$ 168,658	$ 185,958	$ 171,360	

TOWN OF SUNNYVALE, TEXAS
COMBINING BALANCE SHEET - COMPONENT UNITS
SEPTEMBER 30, 2017

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
ASSETS			
Cash and cash equivalents	$ 1,103,841	$ 1,447,701	$ 2,551,542
Receivables (net of allowances for uncollectible)	53,555	107,104	160,659
Total Assets	1,157,396	1,554,805	2,712,201
LIABILITIES			
Accounts payable	983	954	1,937
Total Liabilities	983	954	1,937
FUND BALANCE			
Assigned for			
Infrastructure improvements	-	-	-
Unassigned	1,156,413	1,553,851	2,710,264
Total Fund Balance	1,156,413	1,553,851	2,710,264
Total Liabilities and Fund Balance	$ 1,157,396	$ 1,554,805	$ 2,712,201

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE COMBINING BALANCE SHEET - COMPONENT UNITS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balance - component units	$ 2,710,264
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,383,578
Accumulated depreciation is not included in the governmental fund financial statements	(8,434)
Notes payable are not due and payable in the current period and; therefore, are not reported in the funds.	(435,649)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(62,048)
Deferred inflow/outflow represent an acquisition of net position that applied to future periods. The amount is unavaliable and deferred at the fund level but recognized in the governmental activities.	19,491
Compensated absences recorded as governmental liabilities in prior years were transferred to component unit in the current year. Compensated absences are not due and payable in the current period and; therefore, are not reported in the funds	(3,970)
Net position of component units - statement of net position	$ 3,603,232

TOWN OF SUNNYVALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
REVENUE			
Sales tax collected	$ 320,946	$ 641,893	$ 962,839
Contributions	358,034	-	358,034
Total Revenues	678,980	641,893	1,320,873
EXPENDITURES			
Current operating:			
Personnel services	84,805	223,098	307,903
Supplies and materials	42,674	2,877	45,551
Contractual services	8,404	53,027	61,431
Maintenance and repairs	-	19,599	19,599
Intergovernmental	-	-	-
Debt Service:			
Principal retirement	49,927	-	49,927
Capital Outlay	-	208,147	208,147
Total Expenditures	185,810	506,748	692,558
Excess (deficiency) of revenues over (under) expenditures	493,170	135,145	628,315
Other Revenues and Financing Sources (uses)			
Investment income	2,296	2,225	4,521
Total Other Financing Sources (uses)	2,296	2,225	4,521
Net Change in Fund Balances	495,466	137,370	632,836
Fund Balances/Equity, October 1	660,947	1,416,481	2,077,428
Fund Balances/Equity, September 30	$ 1,156,413	$ 1,553,851	$ 2,710,264

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - component units	$ 632,836
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources.	(1,716)
Current year long-term debt payments are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the government-wide financial statements.	49,927
Changes to vacation and other compensated absence liabilities are not shown in the fund financial statements. The net effect of the current year is to increase net position.	5,943
Changes in net pension liability are not shown in the fund financial statements.	8,009
Change in net position of component units - statement of activities	$ 694,999

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - 4A DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales tax collected	$ 318,750	$ 337,875	$ 320,946	$ (16,929)
Contributions	110,000	341,072	358,034	16,962
Total Revenues	428,750	678,947	678,980	33
EXPENDITURES				
Current operating:				
Personnel services	112,681	103,448	84,805	18,643
Supplies and materials	64,250	55,250	42,674	12,576
Contractual services	105,000	114,000	8,404	105,596
Intergovernmental	-	135,000	-	135,000
Debt Service:				
Principal retirement	49,928	49,928	49,927	1
Total Expenditures	331,859	457,626	185,810	271,816
Excess (deficiency) of revenues over(under) expenditures	96,891	221,321	493,170	271,849
Other Revenues and Financing Sources (uses)				
Interest Income	400	1,200	2,296	1,096
Total Other Financing Sources (uses)	400	1,200	2,296	1,096
Net Change in Fund Balances	97,291	222,521	495,466	272,945
Fund Balances/Equity, beginning of year	660,947	660,947	660,947	
Fund Balances/Equity, end of year	$ 758,238	$ 883,468	$1,156,413	

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - 4B DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUE				
Sales tax collected	$ 637,500	$ 675,750	$ 641,893	$ (33,857)
Total Revenues	637,500	675,750	641,893	(33,857)
EXPENDITURES				
Current operating:				
Personnel services	250,474	223,504	223,098	406
Supplies and materials	500	20,500	2,877	17,623
Contractual services	115,000	115,000	53,027	61,973
Maintenance and repairs	205,000	255,000	19,599	235,401
Intergovernmental	-	-	-	-
Capital outlay	450,000	805,000	208,147	596,853
Total Expenditures	1,020,974	1,419,004	506,748	912,256
Excess (deficiency) of revenues over(under) expenditures	(383,474)	(743,254)	135,145	878,399
Other Revenues and Financing Sources (uses)				
Interest Income	300	450	2,225	1,775
Total Other Financing Sources (uses)	300	450	2,225	1,775
Net Change in Fund Balances	(383,174)	(742,804)	137,370	880,174
Fund Balances/Equity, beginning of year	1,416,481	1,416,481	1,416,481	
Fund Balances/Equity, end of year	$ 1,033,307	$ 673,677	$ 1,553,851	

STATISTICAL SECTION (UNAUDITED)

CITY OF
SUNNYVALE

STATISTICAL SECTION
(unaudited)

This part of the Town of Sunnyvale's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health.

Contents	Table #s
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1,2,3,4,5
Revenue Capacity These tables contain information to help the reader assess the Town's two most significant local revenue sources, property and sales taxes.	6,7,8,9
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	10,11,12,13,14
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	15,16
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	17,18,19

Source: Unless otherwise noted, the information in these tables is derived from the Annual Financial Reports for the relevant year.

TOWN OF
SUNNYVALE

TOWN OF SUNNYVALE, TX Table 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	$ 1,385,649	$ 3,372,667	$ 3,748,238	$ 4,496,865	$ 4,805,132
Restricted	3,590,976	3,732,321	3,562,718	4,255,040	1,546,831
Unrestricted	3,969,294	1,941,907	2,283,507	2,550,808	2,645,673
Total governmental activities net position	8,945,919	9,046,895	9,594,463	11,302,713	8,997,636
Business-type activities					
Net investment in capital assets	4,106,496	7,903,466	8,101,933	7,741,287	12,482,792
Restricted	1,230,666	1,271,531	1,271,531	1,065,607	1,072,987
Unrestricted	2,419,529	(68,355)	168,312	1,035,517	(3,287,776)
Total business-type activities net position	7,756,691	9,106,642	9,541,776	9,842,411	10,268,003
Primary government					
Net investment in capital assets	5,492,145	11,276,133	11,850,171	12,238,152	17,287,924
Restricted	4,821,642	5,003,852	4,834,249	5,320,647	2,619,818
Unrestricted	6,388,823	1,873,552	2,451,819	3,586,325	(642,103)
Total primary government net position	$ 16,702,610	$ 18,153,537	$ 19,136,239	$ 21,145,124	$ 19,265,639

	FISCAL YEAR				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	$ 4,956,375	$ 5,533,170	$ 9,192,257	$ 10,259,140	$ 11,019,317
Restricted	1,851,519	1,237,407	1,480,724	1,879,936	2,109,210
Unrestricted	2,332,178	5,072,122	5,063,645	5,125,907	4,924,743
Total governmental activities net position	9,140,072	11,842,699	15,736,626	17,264,983	18,053,270
Business-type activities					
Net investment in capital assets	8,412,549	8,638,647	14,404,813	14,409,109	17,832,746
Restricted	1,098,608	1,793,193	1,744,554	2,714,408	2,023,749
Unrestricted	1,359,897	1,090,014	520,468	1,048,812	1,639,134
Total business-type activities net position	10,871,054	11,521,854	16,669,835	18,172,329	21,495,629
Primary government					
Net investment in capital assets	13,368,924	14,171,817	23,597,070	24,668,249	28,852,063
Restricted	2,950,127	3,030,600	3,225,278	4,594,344	4,132,959
Unrestricted	3,692,075	6,162,136	5,584,113	6,174,719	6,563,877
Total primary government net position	$ 20,011,126	$ 23,364,553	$ 32,406,461	$ 35,437,312	$ 39,548,899

TOWN OF SUNNYVALE, TX
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2008	2009	2010	2011	2012
EXPENSES					
Governmental activities:					
General government	$ 1,683,622	$ 1,305,921	$ 1,436,272	$ 1,594,165	$ 1,626,724
Public Safety	1,514,610	1,883,403	1,920,850	1,967,396	1,954,257
Public Services and Operations	1,498,939	1,460,763	1,348,711	1,399,123	1,048,309
Public Works	-	-	-	-	-
Parks and Recreation	86,901	594,466	935,833	460,552	510,051
Library	-	-	-	-	-
Interest on long-term debt	75,446	230,136	225,028	213,247	203,199
Total governmental activities expenses	4,859,518	5,474,689	5,866,694	5,634,483	5,342,540
Business-type activities:					
Utilities	2307454	2,467,260	2,562,480	2,873,770	2,979,588
Total business-type activities expenses	2,307,454	2,467,260	2,562,480	2,873,770	2,979,588
Total primary government expenses	7,166,972	7,941,949	8,429,174	8,508,253	8,322,128
PROGRAM REVENUES					
Governmental activities:					
Charge for services:					
General government	12,454	141,938	126,133	132,788	247,301
Public Safety	334,643	475,524	522,244	556,500	580,392
Public Services and Operations	2,751	53,844	28,310	39,689	61,626
Public Works	213,491	-	-	-	-
Parks and Cultural	-	-	-	-	-
Operating grants and contributions	-	294,444	194,441	208,401	14,678
Capital grants and contributions	-	-	416,512	264,336	45,733
Total governmental activities program revenues	563,339	965,750	1,287,640	1,201,714	949,730
Business-type activities:					
Charge for services:					
Utilities	2,701,658	2,659,023	3,010,925	3,402,567	3,310,713
Capital grants and contributions	-	220,554	-	-	-
Total business-type activities program revenues	2,701,658	2,879,577	3,010,925	3,402,567	3,310,713
Total primary government program revenues	3,264,997	3,845,327	4,298,565	4,604,281	4,260,443
NET (EXPENSE)/REVENUE					
Governmental activities	(4,296,179)	(4,508,939)	(4,579,054)	(4,432,769)	(4,392,810)
Business-type activities	394,204	412,317	448,445	528,797	331,125
Total primary government program net expenses	$ (3,901,975)	$ (4,096,622)	$ (4,130,609)	$ (3,903,972)	$ (4,061,685)

Table 2

FISCAL YEAR				
2013	2014	2015	2016	2017
$ 1,458,993	$ 1,043,470	$ 1,052,425	$ 1,248,277	$ 1,639,530
1,900,606	1,906,497	2,367,607	2,602,749	2,723,379
1,979,301	821,386	816,091	2,092,844	1,783,654
-	394,480	595,851	277,284	271,115
305,228	428,745	509,635	471,979	573,556
-	142,695	142,545	191,508	180,518
228,506	88,808	103,540	97,819	125,638
5,872,634	4,826,081	5,587,694	6,982,460	7,297,390
2,946,655	3,374,140	3,663,328	4,257,032	4,361,206
2,946,655	3,374,140	3,663,328	4,257,032	4,361,206
8,819,289	8,200,221	9,251,022	11,239,492	11,658,596
109,181	418,776	105,332	240,305	211,624
448,154	778,203	109,281	230,557	362,077
25,581	-	296,036	499,121	489,160
-	-	101,283	221,217	282,465
-	3,135	4,197	6,244	6,616
202,144	507,878	118,384	113,123	12,175
230,901	-	1,524,366	566,140	208,272
1,015,961	1,707,992	2,258,879	1,876,707	1,572,389
3,330,492	3,825,951	4,249,639	4,808,138	4,707,371
15,000	-	2,239,086	883,070	2,355,760
3,345,492	3,825,951	6,488,725	5,691,208	7,063,131
4,361,453	5,533,943	8,747,604	7,567,915	8,635,520
(4,856,673)	(3,118,089)	(3,328,815)	(5,105,753)	(5,725,001)
398,837	451,811	2,825,397	1,434,176	2,701,925
$ (4,457,836)	$ (2,666,278)	$ (503,418)	$ (3,671,577)	$ (3,023,076)

(continued)

TOWN OF SUNNYVALE, TX
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	FISCAL YEAR				
	2008	**2009**	**2010**	**2011**	**2012**
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$ 2,204,117	$ 2,470,096	$ 2,885,750	$ 2,906,223	$ 3,017,460
Sales tax	2,035,788	1,749,084	1,330,813	1,665,837	2,007,188
Franchise tax	870,728	987,491	814,312	914,799	903,025
Alcoholic Beverage Tax	5,692	6,085	1,437	-	-
Investment Income	144,507	64,556	19,882	17,623	11,262
Miscellaneous	262,046	39,239	49,428	349,539	12,583
Transfers	-	(706,636)	25,000	286,923	(214,788)
Total governmental activities	5,522,878	4,609,915	5,126,622	6,140,944	5,736,730
Business-type activities:					
Investment Income	47,229	23,314	11,689	18,123	4,923
Transfers	-	706,636	(25,000)	(286,923)	214,788
Total business-type activities	47,229	729,950	(13,311)	(268,800)	219,711
Total primary government	5,570,107	5,339,865	5,113,311	5,872,144	5,956,441
CHANGE IN NET POSITION					
Governmental activities	1,226,699	100,976	547,568	1,708,175	1,343,920
Business-type activities	441,433	1,142,267	435,134	259,997	550,836
Total primary government	$ 1,668,132	$ 1,243,243	$ 982,702	$ 1,968,172	$ 1,894,756

Table 2
(continued)

FISCAL YEAR				
2013	**2014**	**2015**	**2016**	**2017**
$ 3,061,437	$ 3,309,754	$ 3,314,131	$ 3,774,207	$ 4,272,558
1,172,287	1,130,663	1,376,840	1,751,597	1,604,731
940,189	986,539	1,205,928	1,158,235	1,105,973
-	-	-	-	-
3,167	1,343	1,085	5,845	26,551
20,229	12,870	51,245	3,218	107,570
(198,200)	(196,611)	(98,276)	(58,992)	(604,095)
4,999,109	5,244,558	5,850,953	6,634,110	6,513,288
6,014	2,381	3,112	9,326	17,280
198,200	196,611	98,276	58,992	604,095
204,214	198,992	101,388	68,318	621,375
5,203,323	5,443,550	5,952,341	6,702,428	7,134,663
142,436	2,126,469	2,522,138	1,528,357	788,287
603,051	650,803	2,926,785	1,502,494	3,323,300
$ 745,487	$ 2,777,272	$ 5,448,923	$ 3,030,851	$ 4,111,587

TOWN OF SUNNYVALE, TX
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2008	$ 2,204,117	$ 1,017,894	$ 870,728	$ 5,692	$ 4,098,431
2009	2,470,096	874,542	987,491	6,085	4,338,214
2010	2,885,750	665,407	814,312	1,437	4,366,906
2011	2,906,223	832,915	914,799	-	4,653,937
2012	3,017,460	1,003,594	903,025	-	4,924,079
2013	3,061,437	1,172,287	940,189	-	5,173,913
2014	3,309,754	1,130,663	986,539	-	5,426,956
2015	3,314,131	1,376,840	1,205,928	-	5,896,899
2016	3,774,207	1,751,597	1,158,235	-	6,684,039
2017	4,272,558	1,604,731	1,105,973	-	6,983,262

TOWN OF SUNNYVALE, TX **Table 4**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2008	2009	2010	2011	2012
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	25,000	25,000	25,000
Assigned	-	-	-	298,759	171,824
Unassigned	717,774	1,273,986	1,592,652	1,748,156	2,521,642
Total General Fund	717,774	1,273,986	1,617,652	2,071,915	2,718,466
All other governmental funds					
Restricted for:					
General Use	-	-	-	-	8,456
Court use	-	-	-	34,192	41,689
Capital improvements	-	-	-	1,474,783	1,524,500
Debt Service	1,424,804	69,013	78,509	72,645	90,463
Community development	-	-	-	-	2,508,190
Street Maintenance	-	-	-	-	-
Assigned for:					
Police	-	-	-	4,061	67,494
Capital improvements	4,089,041	5,314,049	5,106,889	4,011,877	1,787,461
Community services	-	-	-	-	36,560
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 5,513,845	$ 5,383,062	$ 5,185,398	$ 5,597,558	$ 6,064,813

	FISCAL YEAR				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	$ -	$ -	$ 40,603	$ 31,015	$ 20,685
Restricted	25,000	-	151,331	350,318	-
Assigned	163,548	389,608	735,335	406,307	476,843
Unassigned	3,064,242	4,095,036	4,247,916	4,686,749	4,819,339
Total General Fund	3,252,790	4,484,644	5,175,185	5,474,389	5,316,867
All other governmental funds					
Restricted for:					
General Use	-	-	-	-	-
Court use	109,568	150,346	112,448	164,958	171,360
Capital improvements	1,540,879	-	-	-	-
Debt Service	158,605	208,243	231,611	207,146	175,013
Community development	17,467	28,831	80,368	54,092	68,041
Street Maintenance	-	849,987	904,966	1,126,413	1,373,872
Assigned for:					
Police	-	-	-	-	-
Capital improvements	-	871,685	895,936	898,616	5,194,458
Community services	36,560	-	-	-	-
Unassigned	(4,027)	(3,200)	(3,200)	(3,200)	-
Total all other governmental funds	$ 1,859,052	$ 2,105,892	$ 2,222,129	$ 2,448,025	$ 6,982,744

TOWN OF SUNNYVALE, TX
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	FISCAL YEAR				
	2008	2009	2010	2011	2012
REVENUES					
Taxes:					
Property taxes	$ 2,209,435	$ 2,422,829	$ 2,864,377	$ 2,814,655	$ 3,078,063
Sales tax	2,035,788	1,749,084	1,330,813	1,665,838	2,007,188
Franchise Fees	876,420	987,491	814,312	914,799	903,025
Alcoholic Beverage Tax	-	6,085	1,437	-	-
Licenses and Permits	271,166	129,484	116,133	132,788	247,301
Fines and Forfeitures	292,173	426,629	462,136	508,964	531,767
Charge for Current Services	-	115,193	98,419	87,225	110,251
Impact Fees	-	-	-	-	-
Grants	-	-	-	-	-
Donations	-	2,200	33,900	6,600	10,890
Investment Income	144,507	64,556	19,882	17,623	11,262
Intergovernmental	-	292,244	519,693	466,474	67,234
Miscellaneous	262,046	59,335	49,428	353,518	12,583
Total Revenues	6,091,535	6,255,130	6,310,530	6,968,484	6,979,564
EXPENDITURES					
General government	1,426,021	1,075,036	1,577,806	1,749,208	1,554,890
Public Safety	1,514,610	1,862,683	1,871,816	1,991,589	1,918,488
Public Works	-	-	-	-	-
Parks and Recreational	-	-	-	-	-
Public Services and Operations**	1,498,939	1,949,887	2,241,941	1,876,671	1,681,729
Library	-	-	-	-	-
Capital Outlay	3,647,066	-	-	-	-
Debt Service					
Principal Retirement	145,000	200,000	275,764	265,000	295,000
Interest and other charges	75,446	224,823	222,201	210,757	200,863
Bond issuance costs	-	-	-	-	-
Total Expenditures	8,307,082	5,312,429	6,189,528	6,093,225	5,650,970
Excess (deficiency) of revenues over (under) expenditures	(2,215,547)	942,701	121,002	875,259	1,328,594
OTHER FINANCING SOURCES (USES):					
Transfers	(550,585)	(52,893)	173,320	121,188	149,520
Gain on sale of assets	-	-	-	-	-
Issuance of Tax Note	-	-	-	-	-
Issuance of Certificates of Obligation	4,000,000	-	-	-	-
Total other financing sources (uses)	3,449,415	(52,893)	173,320	121,188	149,520
NET CHANGE IN FUND BALANCES	$ 1,233,868	$ 889,808	$ 294,322	$ 996,447	$ 1,478,114
Debt service as a percentage of noncapital expenditures	4.73%	8.00%	8.05%	7.81%	8.77%

* Refunding bond in fiscal year 2013.

** Public Services and Operations includes Community Development, Library, and Parks and Streets for years 2005-2013.

Table 5

FISCAL YEAR				
2013	2014	2015	2016	2017
$ 3,153,354	$ 3,269,744	$ 3,400,741	$ 3,750,703	$ 4,248,741
1,172,287	1,130,663	1,376,840	1,751,597	1,604,731
940,189	986,539	1,205,928	1,158,235	1,105,973
-	-	-	-	-
109,181	334,239	163,582	357,698	497,981
397,035	616,098	299,291	503,179	495,435
76,700	32,713	44,415	43,742	49,486
-	217,064	101,283	221,217	282,465
-	10,383	-	-	-
181,130	-	687	1,119	1,085
3,167	1,343	1,085	3,218	26,551
36,774	492,973	195,389	170,162	266,290
20,229	12,870	51,245	5,844	106,195
6,090,046	7,104,629	6,840,486	7,966,714	8,684,933
1,365,401	949,165	930,884	1,068,827	1,705,243
1,922,274	1,821,954	2,259,340	2,452,774	2,364,482
-	311,230	444,662	1,459,117	1,033,291
-	358,761	438,869	390,696	370,788
2,161,178	821,385	836,325	741,970	812,361
-	142,695	146,395	193,428	179,388
-	541,695	1,095,256	425,501	772,040
4,805,000 *	380,000	450,000	634,097	660,170
173,120	102,439	103,540	97,819	193,033
73,452	-	23,041		
10,500,425	5,429,324	6,728,312	7,464,229	8,090,796
(4,410,379)	1,675,305	112,174	502,485	594,137
25,000	(196,611)	(98,276)	(58,992)	(604,095)
-	-	7,880	81,607	26,573
-	-	785,000	-	-
4,549,032 *	-	-	-	4,360,581
4,574,032	(196,611)	694,604	22,615	3,783,059
$ 163,653	$ 1,478,694	$ 806,778	$ 525,100	$ 4,377,196
7.21%	9.87%	9.83%	10.40%	11.66%

TOWN OF SUNNYVALE, TX
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(unaudited)

Table 6

Fiscal Year Ended Sept. 30	Estimated Actual Value		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Assessed Value Inc / (Dec)
	Real Property	Personal Property				
2008	$ 608,574,940	$ 146,837,690	$ 183,614,707	$ 571,797,923	$ 0.37997	5.63%
2009	694,308,390	172,737,840	204,099,250	662,946,980	0.37796	13.75%
2010	745,473,070	207,664,100	235,483,988	717,653,182	0.40796	7.62%
2011	792,081,080	196,648,770	260,331,798	728,398,052	0.40796	1.48%
2012	802,789,310	208,338,430	242,170,205	768,957,535	0.40796	5.27%
2013	809,693,090	199,622,700	260,261,093	749,054,697	0.40796	-2.66%
2014	856,130,210	232,716,580	283,769,366	805,077,424	0.40796	6.96%
2015	888,189,540	218,121,640	274,631,565	831,679,615	0.40796	3.20%
2016	931,852,220	294,122,850	301,684,556	924,290,514	0.40796	10.02%
2017	1,032,922,190	303,227,460	364,392,341	971,757,309	0.40796	4.88%
					Avg	5.62%

Source: Town Administration Office.

Note: Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to actual value. Tax rates are per $100 of assessed value.

Residential: includes single family, vacant lots, acreage, farm and ranch
Commercial: includes real property, industrial and utilities

TOWN OF SUNNYVALE, TX **Table 7**
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(unaudited)

	Town Direct Rates			Overlapping Rates *		
Fiscal Year Ended Sept. 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Sunnyvale Independent School District	Dallas County	Total Direct and Overlapping Rates
2008	$ 0.3417	$ 0.0383	$ 0.3800	$ 1.3801	$ 0.2281	$ 1.9882
2009	0.3448	0.0332	0.3780	1.3700	0.2281	1.9761
2010	0.3536	0.0544	0.4080	1.3600	0.2281	1.9961
2011	0.3530	0.0550	0.4080	1.3510	0.2431	2.0021
2012	0.3230	0.0850	0.4080	1.4100	0.2431	2.0611
2013	0.3074	0.1006	0.4080	1.4100	0.2431	2.0611
2014	0.3177	0.0902	0.4080	1.4100	0.2431	2.0611
2015	0.3368	0.0712	0.4080	1.4100	0.2431	2.0611
2016	0.3392	0.0688	0.4080	1.4100	0.2431	2.0611
2017	0.3392	0.0688	0.4080	1.4100	0.2431	2.0611

Source: Town Administration Office and Dallas Central Appraisal District

*Overlapping rates are those of local and county governments that apply to property owners within the Town of Sunnyvale, Texas.

TOWN OF SUNNYVALE, TX
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(unaudited)

Table 8

	2017[1]			2007[2]		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DAL TILE CORPORATION	$ 58,984,984	1	6.07%			
SABRA TEXAS PROPERTIES LP	33,900,000	2	3.49%			
LLH MRS MASTER RE LLC	24,076,190	3	2.48%			
HOMATEX LP	15,726,540	4	1.62%			
RKS SUNNYVALE LLC	10,872,190	5	1.12%			
301 CLAY RD LLC	10,311,580	6	1.06%			
ARHC SMSVLT01 LLC	9,500,000	7	0.98%			
ONCOR ELECTRIC DELIVERY	8,982,540	8	0.92%			
JOHN SOULES FOODS	8,770,866	9	0.90%			
FEDERAL EXPRESS	7,867,090	10	0.81%			
HOMATEX LP				$ 16,834,000	1	3.12%
DAL TILE CORPORATION				15,650,640	2	2.90%
AMERICAN MARAZZI TILE INC.				12,557,927	3	2.33%
MARAZZI USA INC				10,400,000	4	1.93%
CALEAST HD LIMITED LP				6,804,920	5	1.26%
HOME DEPOT USA INC				6,343,690	6	1.18%
GC LEASING SERVICES INC				5,809,560	7	1.08%
SUPERIOR TRAILER SALES CO				5,545,074	8	1.03%
TEXAS UTILITIES				4,660,630	9	0.86%
AT&T				4,543,780	10	0.84%
Total	$ 188,991,980		19.45%	$ 89,150,221		16.52%
Total valuation of Town net of exempt property	$ 971,757,309			$ 539,633,876		

Source: [1] Dallas County Tax Office
[2] Municipal Advisory Council of Texas

TOWN OF SUNNYVALE, TX **Table 9**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	$ 2,202,325	$ 2,189,331	99.41%	$ 12,080	$ 2,201,411	99.96%
2009	2,495,391	2,409,050	96.54%	85,620	2,494,670	99.97%
2010	2,965,195	2,785,208	93.93%	179,028	2,964,235	99.97%
2011	2,972,083	2,764,037	93.00%	207,094	2,971,131	99.97%
2012	3,139,017	2,919,286	93.00%	217,457	3,136,743	99.9%
2013	3,089,815	2,977,346	96.36%	99,286	3,076,632	99.6%
2014	3,288,047	3,241,651	98.59%	34,127	3,275,778	99.6%
2015	3,392,837	3,335,116	98.30%	43,048	3,378,164	99.6%
2016	3,746,450	3,696,188	98.66%	31,947	3,728,135	99.5%
2017	3,903,070	3,874,714	99.27%	26,344	3,901,058	99.9%

Source: First Southwest Company, Dallas County Tax Office Year End Report 9/30/17,
Texas Municipal Reports

TOWN OF SUNNYVALE, TX **Table 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2017

(unaudited)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area [1]	Town Share of Overlapping Debt
Dallas County	$ 199,545,000	0.48%	$ 957,816
Dallas County CCD	263,140,000	0.48%	1,263,072
Dallas County Hospital District	703,770,000	0.48%	3,378,096
Dallas County Schools	40,330,000	0.48%	193,584
Sunnyvale I S D	98,742,581	100.00%	98,742,581
	$1,305,527,581		104,535,149
Town of Sunnyvale, Texas direct debt			11,370,000
			$ 115,905,149
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			10.68%
Per capita overlapping bonded debt			$19,305

Source: "Texas Municipal Report" as of September 30, 2017, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping government that is borne by the residents and businesses of the Town of Sunnyvale. This process recognizes that, when considering the Town of Sunnyvale's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the Town of Sunnyvale's boundaries and dividing it by the overlapping government's total taxable assessed value.

TOWN OF SUNNYVALE, TX **Table 13**
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(unaudited)

	FISCAL YEAR				
	2008	**2009**	**2010**	**2011**	**2012**
Debt Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.37796	0.40796	0.40796	0.40796	0.40796
Available Tax Rate	$ 2.12204	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204
Total net debt applicable to the limit as a percentage of debt limit	17.81%	19.50%	19.50%	19.50%	19.50%

	FISCAL YEAR				
	2013	**2014**	**2015**	**2016**	**2017**
Debt Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.40796	0.40796	0.40796	0.40796	0.40796
Available Tax Rate	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204	$ 2.09204
Total net debt applicable to the limit as a percentage of debt limit	19.50%	19.50%	19.50%	19.50%	19.50%

TOWN OF SUNNYVALE, TX
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(unaudited)

Table 14

Fiscal Year	Tax and Revenue Refunding Bonds					
	Total Revenues [a]	Less: Operating Expenses [b]	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2008	$ 2,701,658	$ 2,075,113	$ 626,545	$ 180,100	$ 183,352	1.72
2009	2,659,023	2,148,772	510,251	225,000	176,404	1.27
2010	3,010,925	2,194,993	815,932	250,000	142,634	2.08
2011	3,402,567	2,477,007	925,560	340,000	280,625	1.49
2012	3,310,713	2,554,226	756,487	448,419	238,541	1.10
2013	3,330,492	2,517,502	812,990	417,004	184,951	1.35
2014	3,825,951	2,922,114	903,837	415,000	174,875	1.53
2015	4,079,273	3,118,955	960,318	425,000	163,950	1.63
2016	4,208,074	3,703,658	504,416	440,000	152,375	0.85
2017	4,381,231	3,734,548	646,683	265,000	143,075	1.58

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

[a] Revenue does not include transfers or non-operating revenues.

[b] Includes operating expenses minus depreciation, bond issuance costs, and other non-operating expenses.

TOWN OF SUNNYVALE, TX
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

Table 15

Fiscal Year	Estimated Population [1]	Personal Income	Per Capita Personal Income [2]	Median Age [5]	School Enrollment [3]	Unemployment Rate [4]
2008	4,300	$ -	(a)	(a)	807	5.0%
2009	4,600	178,043,000	$ 38,705	(a)	1,010	7.7%
2010	5,147	-	(a)	42.6	1,154	8.2%
2011	5,356 **	-	(a)	(a)	1,224	7.8%
2012	5,494 **	211,694,808	38,532	(a)	1,291	6.8%
2013	5,651 **	224,791,129	39,779	(a)	1,361	6.2%
2014	5,651 **	224,791,129 **	(a)	(a)	1,512	5.5%
2015	5,766	250,077,186	43,371 (b)	41.9 (c)	1,565	4.0%
2016	6,044 **	271,816,812	41,398	39.6 (c)	1,638	3.9%
2017	6,004	282,398,140	47,035	40.4 (d)	1,752	4.0%

Sources:
1 North Texas Council of Governments, US Census, Town Officials
2 US Department of Commerce - Bureau of Economic Analysis
3 Sunnyvale Independent School District
4 US Department of Labor - Bureau of Labor Statistics - DFW Region
5 Median age only available in census years.
** Estimated
(a) Information not available
(b) TX HomeTownLocator (as of July 1, 2015)
(c) US Census Bureau - American Fact Finder (2010-2014 5 year estimate)
(d) US Census Bureau- American Community Survey 5- Year Estimates

TOWN OF SUNNYVALE, TX
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(unaudited)

Table 16

	2017	2007
Business Sector	**Number of Employees**	**Number of Employees**
Agriculture, Forestry, Fishing, Hunting & Mining	0	23
Construction	76	164
Manufacturing	295	183
Wholesale Trade	84	13
Retail Trade	291	272
Transportation & Warehousing, and Utilities	83	130
Information	39	65
Finance, Insurance, Real Estate, Rental & Leasing	272	348
Professional, Scientific, Management, & Administrative & Waste Management Services	429	315
Educational Services, and Health Care & Social Assistance	807	772
Arts, Entertainment, Recreation, and Accommodation & Food Services	110	72
Other Services, except Public Administration	147	120
Public Administration	113	41

Note: The Town of Sunnyvale is a relatively small municipality with a geographic area of approximately 16 square miles. Information is from the U.S. Census Bureau, American Fact Finder Amercian Community Surey 5 Year Estimates.

TOWN OF
SUNNYVALE

TOWN OF SUNNYVALE, TX
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

	Fiscal Year				
Function / Program	**2008**	**2009**	**2010**	**2011**	**2012**
General government					
Administrative Services					
Town Manager	1	1	1	1	1
Town Secretary	1	1	1	1	1
Secretary/Admin Assistant	1	1	1	1	1
Economic Development					1
Financial Services					
Finance	1	2	2	2	2
Municipal Court	2	2	2	2	2
Municipal Court Judge	1	1	1	1	1
Library	3	4	4	4	3
Public Safety					
Police **	0	0	0	0	0
Development Services	3	4	4	4	4
Fire	2	2	2	2	1
Parks & Streets	6	6	5	7	7
Water and Sewer Systems	6	6	6	6	6
Total	27	30	29	31	30

Source: Town Administration Office.
** All positions contracted with Dallas County

Table 17

Fiscal Year				
2013	2014	2015	2016	2017
1	1	1	1	1
1	1	1	1	1
1	1	1	1	0
1	1	1	1	1
2	2	3	3	3
2	2	2	2	3
1	1	1	1	1
3	3	3	3	3
0	0	0	0	0
4	4	5	5	5
1	4	5	5	5
7	7	7	7	8
6	6	6	8	9
30	33	36	38	40

TOWN OF SUNNYVALE, TX
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

	Fiscal Year				
	2008	2009	2010	2011	2012
Function/Program					
Judicial					
Municipal Court Fines	$ 292,173	$ 399,536	$ 432,809	$ 478,838	$ 497,790
Fire					
Fire Calls	26	31	30	34	31
Fire Loss	$3,407,500	$39,600	$414,560	$30,000	$296,390
New Development					
Permits Issued (Units)	(a)	(a)	(a)	(a)	44
Permit Value	(a)	(a)	(a)	(a)	$265,335 (b)
Streets					
Miles of Streets Maintained	53.07	54.69	54.69	54.69	54.69
Health					
Animals Impounded	(a)	(a)	116	121	103
Cultural and Recreational					
Parks					
Parks Maintained	5	5	5	5	5
Sanitation Service					
Refuse Customers	1,895	1,886	2,026	2,059	2,117
Water					
Number of Water Customers	1,895	1,886	2,026	2,059	2,117
Estimated Gallons Billed (in thousands)	433,635	529,231	505,051	562,521	457,540
Sewer					
Number of Wastewater Customers	1,309	1,358	1,388	1,441	1,528

Sources: Various government departments.
(a) Information not available
(b) Information reflects Jan-Sept 2012 activity only

Table 18

Fiscal Year				
2013	2014	2015	2016	2017
$ 375,898	$ 442,434	$ 370,378	$ 426,246	$ 457,607
33 $2,500	30 $20,000	38 $82,290	42 $174,000	28 $1,048,070
120 $292,092 (b)	102 $521,027	44 $14,041,157	108 $55,916,721	90 $60,916,508
54.69	55.7	57.63	59.11	60.11
151	133	133	168	178
5	5	5	5	5
2,155	2,178	1,947	1,965	2,071
2,155 577,817	2,178 422,669	2,256 478,108	2,336 462,682	2,492 450,176
1,530	1,575	1,587	1,641	1,741

TOWN OF SUNNYVALE, TX
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

	Fiscal Year				
Function	**2008**	**2009**	**2010**	**2011**	**2012**
Police					
Number of Stations	1	1	1	1	1
Fire					
Number of Stations	1	1	1	1	1
Fire Hydrants	548	568	616	657	662
Streets					
Miles of Streets	53.07	54.69	54.69	54.69	54.69
Cultural and Recreational					
Parks Maintained	5	5	5	5	5
Water					
Water Storage Capacity (gallons)	900,000	800,000	800,000	800,000	800,000

Sources: Various government departments.

Table 19

Fiscal Year				
2013	2014	2015	2016	2017
1	1	1	1	1
1	1	1	1	1
685	710	796	842	875
54.69	55.7	57.63	59.11	60.11
5	5	5	5	5
800,000	800,000	800,000	800,000	1,725,000

TOWN OF
SUNNYVALE